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In This Issue:

Endemol, Italy's TV Found a Big Brother In Pier Silvio Berlusconi

VideoAge conducted a no holds barred, 360-degree interview with the 40-year old Pier Silvio Berlusconi, vice-chairman of Italy's Mediaset (chairman is Fedele Confalonieri, CEO is Giuliano Adreani) and son of Italy's prime minister, Silvio. This is a critical moment for Mediaset, and for the Italian television industry in general: The transition to digital terrestrial television, competition with Rupert Murdoch's Sky Italia (both in terms of premium TV channels and the development of a new satellite TV platform), the acquisition of Endemol, the creation of new production companies and the goal of bringing daytime drama production costs down from the current 70,000 euro (U.S. $100,000) per hour to a more manageable level of 15,000 euro (on par with those of Argentina, which manages to sell its low-cost shows

Mediaset's Pier Silvio Berlusconi

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Benjamin's Buttons. Disney's Global Boss Hit the Right Keys

Benjamin (Ben) Pyne is the 49-year-old New York City and Burbank, California-based president of Global Distribution for Disney Media Networks, the new "matrix" that rose from the "ashes" of the old Buena Vista. The latter brand was retired in 2007, just about the time that Pyne took over.

Considering Pyne's varied responsibilities, one might picture him sitting behind a console, pushing a multitude of buttons. Another apt metaphor is that of him playing the divisions of his group like the strings of his guitar (of which he's an accomplished player) in order to produce harmonious results.

But, before touching on any subject with Pyne, one first has to understand the

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Forecasting is Hollywood's "Ultimates" Game

By Dom Serafini

For the purpose of this story, "Ultimates" are not characters in a Marvel comic, but rather a marvel of financial engineering adopted by Hollywood's account executives to figure out how much revenue will be generated by each movie title or TV series. Ultimates are updated monthly by the studios' financial people with fresh data from the sales,

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WIN TV's 30th Anniversary Salute

WIN Television is a privately owned regional television network that reaches over 5.2 million viewers across six states of Australia and the nation's capital. The privately owned company has grown significantly since Bruce Gordon purchased a controlling interest in Television Wollongong Transmission Ltd (WIN4) in 1979, known today as WIN Television.

The WIN Network reaches 42 percent of Australia's 8.5 million homes and has over 1400 employees. Broadcasting throughout 27 markets, including its related companies Channel Nine in Adelaide and Perth, WIN's transmission spans the largest geographical area in the world.

Today, WIN Corp. includes business operations in TV and radio broadcasting, pay-TV, film and TV production.

WIN was the first regional broadcaster to transmit high definition digital services, 12 months ahead of government regulatory requirements, in Wollongong, Canberra, Ballarat, Tasmania, Mildura and the Southern Queensland market.

WIN Television is also a founding member of Freeview Australia, which was formed by Australia's free-to-view TV broadcasters to assist in the promotion of digital television in Australia, and to enable access to the very best quality free-to-view digital programming.

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VH1 Wants Ur Txt Msgs

A U.S. cable TV network is casting a wider net for audiences through new digital media convergence strategies. Taking this approach to a new level, VH1 recently hatched a scheme fusing in-home and out-of-home interactivity with *The Great Debate*, a program meant to reach its existing audience and other audiences in new environments (such as nightclubs), while promoting the network. VH1 is the Viacom-owned adult music channel. The program, which first aired last July, centered on irreverent discussions of pop culture topics like Star Wars vs. Star Trek, Rocky vs. Rambo, and Ginger vs. Mary Ann. *The Great Debate* allowed the audience to express their views on those topics via text messaging through Zoom Media & Marketing's digital billboards in over 500 nightclub locations in the U.S., Viacom's 13.56 meter digital screen in New York City's Times Square, and through such social networking sites as Facebook and Twitter. LocaModa, which specializes in "powering the Web outside," developed an interactive platform that fused *The Great Debate* broadcast with social networking features and digital billboards.

According to Wendy Weatherford, VH1's v.p. of Consumer Marketing and Promotion, one of VH1's principal aims with the multifaceted interactive strategy was to "reach and engage" VH1's active audience "wherever they're located," in light of the multitasking habits of its audience. She noted that the nature of the show lent itself to this kind of interactivity. As such, the multi-platform element "made strategic sense," and helped satisfy the audience's strong desire to get involved. Thus, the show's interactive effort was also designed for brand building purposes.

Audience participation for the show was impressive, with over 350,000 total messages generated, according to Steve King, v.p. of Sales for LocaModa. In addition, one percent of the overall messages were mobile, which King deemed "extraordinary."

VH1 devised a special promotion strategy that matched the distinctiveness of the show's design in order to broaden its audience. A key phase of that campaign involved placing program ads on digital screens at 380 gas stations around the country. VH1 also ran a promotion with Moviefone, an online and phone-based movie guide and ticketing service, inviting callers to watch the program, as well as promoting the program in 20 minor league ballparks.

Company officials declined to reveal cost for the project, which include renting the billboards and TV screens and development of the interactive platform. It is also unclear as to whether the project can generate revenue stream on its own, beyond the brand promotion value. (Michael Mascioni)

CP Could Be Saved

Los Angeles' city councilmen have voted to approve the motion that would designate the Century Plaza hotel in Century City a historic landmark. For over 40 years, the Century Plaza (CP) has been one of the favorite hotels for international distributors in town to exhibit at the L.A. Screenings.

Early this year, the hotel's owner revealed plans to tear down the curved structure and replace it with two high-rise towers.

The vote by two councilmen (who make up two-thirds of the council's Planning and Land Use Management Committee) is the first step in a months-long process that is hoped to result in the hotel's designation as a city historic-cultural monument. The city's planning staff has been directed to compile a list of the hotel's significant features and present it to the full council.

The hotel is owned by Next Century Associates, a partnership between Los Angeles-based real estate investor Michael Rosenfeld and the D.E. Shaw Group.

Ken Bernstein, director of the city's Office of Historic Resources, said his staff would be backing the recommendation that the hotel, designed by Minoru Yamasaki and opened in 1966, receive the protective designation.

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A CORAZÓN
ABIERTO
Producción original Grey's Anatomy
para Latinoamérica
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CTV Exits NHL For Cash

CTVglobe, the parent company of CTV, one of Canada's largest TV groups, sold its remaining 7.7 percent stake of the National Hockey League's Toronto Maple Leaves conglomerate (MLSE) for an estimated C$100 million.

CTVglobe will use the proceeds from this latest sale to pay down debt associated with its C$1.4 billion acquisition of CHUM Ltd. three years ago.

This is CTV's second divestment. Last December, the company sold its first stake in MLSE for C$90 million.

CTVglobe's investment had originally been part of a media strategy to match sports franchises with cable channels like Leafs TV and TSN. However, the benefits of a media company owning minority stake in a sports franchise never materialized.

MLSE is a sports conglomerate that not only owns the Maple Leafs franchise, but the National Basketball Association's Toronto Raptors, the Air Canada Centre in Toronto, and some other smaller sports franchises as well.

L.A. ITV Fest Celebrated Web

The Los Angeles' Independent Television Festival (ITVF) has discovered the Web. In its fourth year, ITVF took place over seven days in early August at Laemmle's Sunset 5 Theater, and was attended by a few thousand people. ITVF is organized by ITV, a non-profit organization "with the mission of providing opportunities to people with television industry aspirations."

ITVF received pilot submissions from around the world. The official selections were then screened in front of a live audience.

As in past editions, ITVF featured a mix of panels and awards, focused on independent television pilots, web series, and mobile programming.

Panels included a "How to Pitch" session helmed by SyFy's (formerly Sci-Fi) director of Alternative Programming, Damona Resnick-Hoffman, and "Developing for the Web" with Fox's digital arm 15 Gigs' director of Programming Ilsa Berg and MyDamnChannel.com's Warren Chao. Actor Kevin Pollak screened his online talk show *Kevin Pollak's Chat Show* after sitting for a podcast Q&A with the crowd.

Merrime.com, produced by Red Ladders Entertainment, won Best Comedy; Barry Gribble's *Dog* won Best TV Series and Darryl Carlton's *Oz Girl* won Best Web Series at the ITVF's Awards Show. Past winners at ITVFest have gone on to secure development deals with NBC and Starz and representation from United Talent Agency and the management/production company, 3 Arts. (*Sara Rinde*)

China To Free Foreign Rights

The U.S. government successfully argued that certain Chinese laws and regulations were violations of World Trade Organization (WTO) trading rights obligations. The Chinese laws, which reserved the rights to import films for theatrical release and audiovisual home entertainment for wholly or partially state-owned enterprises, have now been revised to permit certain goods (such as DVDs) to be imported into China by foreign enterprises on the same basis as Chinese companies. China has confirmed that non-state controlled Chinese entities may also apply for permits to import and distribute non-Chinese theatrical films. "[This revision] is important progress in the effort by independent film and television producers and distributors to gain better access to the Chinese marketplace," said Jean M. Prewitt, president and CEO of the Los Angeles, California-based Independent Film and Television Alliance (IFTA). "[The WTO panel's] findings and the anticipated changes to Chinese law and practices will create new distribution opportunities for independent films and television programming. We also firmly believe that China will benefit from increased investment in its distribution infrastructure and enjoy a wider range of entertainment programming resulting from a more competitive and open marketplace."

Earlier this year, another WTO panel completed its work on a separate case brought by the U.S. against China, which involved intellectual property rights, and included a ruling that China must revise its copyright law to extend protection to pre-censored audio-visual works in order to comply with TRIPS (Agreement on Trade Related Aspects of Intellectual Property Rights).

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Prime Cuts At U.K TV Nets

For 2009, the U.K.'s RTL-owned terrestrial TV Channel Five cut its programming budget by 25 percent (from 220 million to 140 million pounds), marking the biggest percentage reduction of any major U.K. broadcaster in the face of declining advertising revenues. Similarly, Channel Four is expected to make cuts of up to 75 million pounds from its own £600 million (U.S.$991.7 million) program budget.

Following the collapse of merger talks between channels four and Five, the latter's chief executive, Dawn Airey, hinted at a possible collaboration between Five and BBC's commercial arm, BBC Worldwide. This comes on the heels of similar talks between Worldwide and Channel 4. "We will not let Channel 4 have a free run with Worldwide on a joint venture," Airey said.

It seems Channel Five is very keen on launching its own standalone pre-school digital channel, but does not want to pay for any more spectrum. Thus the new service will presumably air during the day on either the Fiver or Five USA digital channel slot, along the same lines as the BBC children's channels CBeebies and CBBC, which share spectrum with BBC3 and BBC4.

"I had a meeting about it this week," Airey said, "The economics of it are quite compelling…. I suspect we will make a decision by the end of the year."

New TV Bosses In Hollywood

There's a new buzzword circulating throughout the TV business: the showrunner. As the word implies, the title applies to the executive running the show, but who is that exactly?

Historically, it was always the executive producer calling the shots on a TV show's production, but in recent years, that title has been applied to a wider range of roles, from those responsible for arranging financing to an honorific without actual management duties. The term "showrunner" has therefore been coined to identify the producer who actually holds ultimate management and creative authority. Notable U.S. showrunners include J.J. Abrams, Judd Apatow, and Tina Fey.

While in the U.S., showrunners are usually the creative force behind a program and tend to come from a writing background, in Canada, where the TV industry has traditionally been line-producer driven, it has become increasingly difficult to determine who has claim to the showrunner title. Many Canadian writers refuse to acknowledge non-writing showrunners, while producers are reluctant to give production credit to writers. It's a confusing debate, and as a result, the Writers Guild of Canada created the Showrunner Award in 2007 in an attempt to call attention to the role of writing in creative production. It should be noted that despite all confusion, "showrunners" are still credited as "executive producers" on most films and TV shows.

Sky Italia's Official Statement

VideoAge asked Kathryn Fink, Sky Italia's programming director, to comment on the TivúSat situation and the following three issues reported in the Pier Silvio Berlusconi front cover story:

1) How Nagravision encoding is going to affect RAI and Mediaset's free channels on Sky.

2) What Sky will be doing to compensate for this Nagravision encoding.

3) What Sky's plans are for growth in Italy.

Sky Italia responded with the following note, sent from its Milan-based Corporate Communications office:

"Official statements issued by both operators confirm that Nagravision scrambling methods will be used to encrypt programs broadcast by free-to-air channels for which neither RAI nor Mediaset own international rights. So, for anyone receiving these channels with a Sky decoder at the moment, the impact on viewing will affect only a part of programs offered by respective general networks.

The success of Sky and the extensive growth of its subscriber base – which is currently 4.8 million – have always been rooted in the quality of content and the option to enjoy state-of-the-art technology, as well as the ongoing enhancement of its TV schedules with new shows and new theme channels. For the future, Sky intends to pursue this same route, to increase its subscriber base, aiming mainly at high definition for 30 HD channels by the end of 2010."


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The Evolution of Cooking Shows

Cooking shows have certainly evolved from Julia Child's first "extravaganza" on public television and the scope of their reach and marketing appeal continues to grow.

In the U.S., for example, Bravo, a division of NBC Universal, has inked deals with major retailers to create *Top Chef* branded wines and floral arrangements.

Meanwhile, the 16th season of Bravo's popular cooking series (distributed internationally by NBC-Universal), *Top Chef: Las Vegas*, debuted in August.

The 17 *Top Chef: Las Vegas* chef'testants are whittled down week by week as they compete to out-cook their competition. The show itself serves as a bit of a showcase for the M Resort Spa & Casino in Las Vegas, which served as the primary production location.

In Canada, *The Edible Roadshow* is one of the first Knight Enterprises cooking shows commissioned by CBC/Food Network Canada. From 1997-2001, 65 episodes were produced.

From 2001 to 2003, Knight Enterprises produced 165 episodes of *Cook Like A Chef* for Canada's Food Network, which was then sold to over 90 international territories. The show broke new ground with its emphasis on technique rather than recipes, moving the presenter out from behind a static kitchen counter and into position to teach viewers how, not just what, to cook. Knight's founding president Chris Knight saw the counter as a barrier between audience and host, and thus *Cook Like A Chef* adopted an "in-the-round" style of shooting. Cameras and microphones were positioned all around the kitchen studio as a means to successfully capture every sight and sound of cooking, whether it be the host's commentary or the bubbling of a pot. Handheld cameras used extreme close-up techniques to bring the viewer right into the action, evolving the food from static prop into a character on the series.

Cook Like A Chef *featured chef Rene Rodriguez, with cameraman Ted Hart*

From 2003 to 2005, Knight Enterprises produced 104 episodes of *Licence To Grill* for Canada's Food Network and Discovery Home in the U.S. The series was then sold to Australia's Lifestyle Food, U.K.'s BET International, Finland's Jim, Singapore's Asian Food Channel and Germany's Dmax.

The series featured a visual technique known as a "Viz Essay." It consisted of the quick-cut editing of rudimentary tasks (i.e., chopping an onion) set to music. This sped up the pace of the cooking, and has since been used on a number of other cooking shows.

In 2005, 13 episodes of *This Food That Wine* were produced by Knight Enterprises for Canada's Food Network and American Life TV in the U.S. It was subsequently sold to BBC Worldwide for Scandinavia and the Middle East and Africa, Finland's Liv and Romania's Euforia.

This was one of (if not the first) series to deal with pairing food and wine. In order to make it appealing to a worldwide audience, the series never dealt with specific vintages or brands, but instead focused on the flavor profiles of various wines and why they worked with particular foods. It was unique because it was done in an approachable style that any novice wine lover or foodie could relate to. Furthermore, the show featured visual imagery to describe flavor profiles, thereby taking full advantage of television's capabilities.

Road Grill is Knight Enterprises' latest series, with 39 episodes produced from 2007-2008 for Canada's Food Network.


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Book Review

Cooking On TV Makes For A Simmering Historical Stew

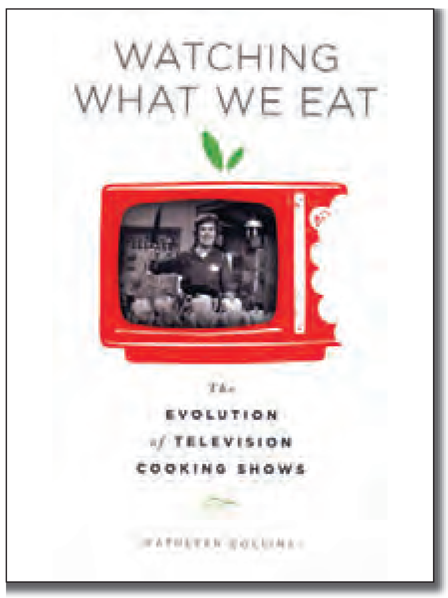
By Lauren Gitlin

No one will argue that a study of the history of television is synonymous with the study of pop culture over the last half-century. In food and television writer Kathleen Collins' debut book **Watching What We Eat: The Evolution of Television Cooking Shows** (2009, The Continuum International Publishing Group, 278 pages, U.S.$24.95), the scribe explores a specific genre of programming as it's moved from its nascent stages on radio to its golden era on public television to its current saturation point, on niche cable network Food Network and primetime reality shows like *The Restaurant* and *Hell's Kitchen.*

Collins writes: "More than just a how-to or amusement, cooking shows are a unique social barometer. Their legacy corresponds to the transitioning of women at home to women at work, from eight- to 24-hour workdays, from cooking as domestic labor to enjoyable leisure, and from clearly defined to more fluid gender roles … We are ardent consumers of food, of television, and of the products springing forth from both."

Collins breaks her book into three main sections: the advent of television, the rise of TV chef Julia Child on public television and the development of the Food Network in 1993. She touches briefly on the birth of cooking programs on the radio, as represented by Ida Bailey Allen's show and Aunt Sammy's programs. These shows served the dual purposes of instructing housewives on how to improve their culinary craft and shilling for sponsors like PET Evaporated Milk and Crisco shortening.

What began as a radio phenomenon in the U.S. took naturally to the newly emerging television medium, appealing to the stay-at-home wives itching for companionship and counsel on how to better tend their hearths. This was the era of James Beard's *I Love To Eat* on NBC and the proto-Martha Stewart, Dione Lucas, a prim, Cordon Bleu-trained chef who struck fear and awe in the hearts of home cooks with her death-defying kitchen tricks on CBS. As the role of the show's host became more central, the idea that these shows were purely educational began to fade and the first glimmer of our modern concept of cooking as entertainment was hinted at. Of Dione Lucas, Collins wrote, "Though she was a real woman undertaking real tasks, she



was transformed by the magic of TV into a performer."

In 1954, NBC launched what is arguably the prototype for today's modern talk show, *Home*, a show that "addressed the traditional homemaking segments — gardening, fashion, beauty, home decorating, child rearing…."

By the '60s, local cooking programs had all but disappeared in the U.S. as primetime slots started getting clogged with national network content, and public television stepped in to handle the fallout. Public TV (PBS) became the go-to hub for cooking shows like Julia Child's *The French Chef.* Begun as a local public television program on Boston's WGBH, *The French Chef* grew out of a chance promotional gambit for one of classically-trained Child's cookbooks and went on to become the definitive cooking show of the modern era. The pilot episode aired in 1962 and was an almost instant hit.

The meteoric success of Julia Child can be at least partly explained by the simultaneous interest in French cooking, which was ushered in during the Kennedy administration and also in part owed to an American middle-class more interested in foreign travel than ever before. But a good portion of Child's appeal lay in her earthy good humor. She charmed audiences with her warts-and-all approach, and took "the bugaboo" out of cooking, especially French cooking, which heretofore had been viewed as complicated and reserved for the upper classes. Her influence on mainstream cooking extended to a deeper knowledge of ingredients that are now taken for granted, and kitchen utensils and equipment that, in the '60s, were still novelties.

Child also engendered the phenomenon of elevating chefs from lowly service-people to artists and celebrities, emphasizing that their work commanded respect and adulation. Her later program, *Master Chefs*, predated the Food Network's focus on character-driven cooking programs with chefs and personalities at the center of the action.

The far-reaching fame and influence of Julia Child would never have been possible had she not found a home on PBS, which afforded the freedom to experiment and take risks without network heads or corporate sponsors voicing concerns over her looks, appeal or lack of commercial suavité.

It was Graham Kerr's 1970s hit *Galloping Gourmet* which truly bridged the gap between Child's breed of edutainment and the Emeril Lagasse-esque character-driven shows of today. Kerr's program, which originated in New Zealand before being snapped up by CBS for American audiences in 1968, was the first to use an in–studio audience and "hidden cameras" that gauged audience's reaction to the food. By the end of 1969, the show was on 102 local TV stations in the U.S. and had 100 million viewers worldwide. Kerr credits his wife Treena, who produced the show, with pushing him to entertain and focus on showmanship more than cooking. To her, food and cooking were dull and needed livening up. "You know, people have worries, but to make them laugh for a little so they can forget, that's what I felt Graham needed to do. Especially with such a boring subject."

As interest in ethnic cooking grew in the '80s, so did the demand for shows like Cajun Chef Justin Wilson's programs on PBS and Jeff Smith's wildly popular *The Frugal Gourmet.* The cult of celebrity that surrounded chefs like Wolfgang Puck and Alice Waters kept growing, setting the stage for the creation of the Food Network in the early part of the '90s. Smith became the first true brand, attaching his name to lines of knives and signing on for product endorsements on a scale that had not been seen before. Collins describes the phenomenon: "As television audiences grew savvier and more demanding, and competition grew fiercer, producers had to craft a complete package to ensure that they would come, as *The Frugal Gourmet* did."

The germ of the idea for the Food Network was born when Providence Journal Company president Trygve Myhren charged his program production manager Joe Langhan with doing some research to determine which niche categories would work for a cable network. In his studies, Langhan discovered that interest in food and cooking was at a premium. "I didn't know anything about food, but I understood … that it was an attractive business proposition. It costs very little to produce television cooking shows in comparison to other kinds of programs, and there's an enormous amount of advertising available."

It was originally called TVFN, or Television Food Network, and it was slow to start, with shows like the Emeril Lagasse-fronted *How To Boil Water* and the MTV-style *In Food Today* starting off on shaky ground. It wasn't until 1996 that the network started to settle into its rhythm. When Erica Gruen took over as president and CEO that year, the Food Network was being given away free to cable operators, which was unheard of in basic cable television at the time. She endeavored to "shift the programming emphasis from people who like to cook to people who like to eat."

That shift from programming for people who love to cook to programming for people who love to eat has carried us into the modern era, in which food programming takes every shape imaginable, from the travel-centric shows like Anthony Bourdain's *No Reservations* and *Rachael Ray's Tasty Travels*, to competitive cooking shows like *Top Chef* and *Hell's Kitchen*, to scholarly studies of the science of food like Alton Brown's *Good Eats.* The profusion of shows reflects the infinitely specialized approach to entertainment that is currently at the fore with regard to TV programming and media in general.

For the media-savvy or the food enthusiast, the idea of discussing food in television is a no-brainer, and indeed, much of what Collins covers in her tome is not revelatory. There are certainly a handful of interesting anecdotes she relates that the average layperson would enjoy, specifically with regard to the very early days of cooking shows and the all-but-forgotten reign of TV chef Dione Lucas, but much of what she writes is either repetitive or obvious, and at the end, one finds oneself craving a deeper look into the topics she just barely touches on.

Ultimately, while exhaustive, Collins' research suffers from a lack of perspective. What do all these disparate factoids tell us? What's the whole picture? Why, as *NY Times* writer Dawn Drzl points out in her review of the book, are we still so fascinated with watching people cook, regardless of whether we ourselves do so, or aspire to do so? At its core, Collins' book provides an embarrassment of information but does not bother to synthesize it to create a satisfying conclusion. Perhaps, since she ultimately seems to credit public television with the biggest and most lasting influence on the TV cooking genre, she might've stuck with that area specifically, as this is indeed the richest and most detailed portion of the book and would likely have benefited from an even more tailored treatment. ●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DISCOP's Offspring Did Not Affect Mother Ship

The mother ship, DISCOP East, started its 17th annual event a bit slowly, but picked up steam during the market's second day (of three) in Budapest, Hungary, in mid June.

Market organizers attribute the slow start to "the fact that buyers and sellers were sizing each other up," and not, as previously reported by *VideoAge*, because of the organization's recent spawns: DISCOP Africa 1 (February 25-27 in Dakar, Senegal), DISCOP Africa 2 (Sept. 16-18 in Nairobi, Kenya), DISCOP Africa 3 (February 17-19, 2010 again in Dakar), and the newly tweaked DISCOP Middle East, formerly DISCOP Gulf. The latter market has been moved from Dubai to Istanbul, Turkey, and will take place September 20-21, 2010. The original March dates were found to be "too early" in the calendar.

"[The slow start] is not in any way related to the fact that we have been organizing several different markets," commented Patrick Jucaud, DISCOP's founder and general manager.

Despite this proliferation of additional markets, Sonia Danieli of Italy's Mediaset and Delmar Andrade of Brazil's Record TV expressed concern over the slow start of the market and the fact that some of their scheduled appointments were no shows. Ron Alexander of the U.S.' TPI also noted the quieter nature of this year's edition, though he seemed more reflective than worried. It should be noted, however, that DISCOP has not been much different than other international TV trade shows held this year, with the possible exception of the L.A. Screenings for the U.S. studios. There has been an overall trend of decreased attendance due to economic woes.

As far as the increasing number of DISCOP offspring, Roberto Farina of Italy's MondoTV said he doesn't mind the proliferation of new trade shows, so long as they bring in new business and make sense financially. MondoTV will be attending the Nairobi edition of DISCOP Africa because the Dakar event was very successful for the company, and because African companies have thus far proven reliable from the collection standpoint (a sore issue for indie distributors these days).

Telefe International's Guillermo Borensztein and Diana Coifman

As for current licensing fees in the Eastern European territories, Farina commented that, unfortunately, they are dropping dramatically. Much to his chagrin, some Ukrainian clients are offering as low as 60 euro per half-hour episode.

Record TV's Delmar Andrade also commented on the downward direction of license fees in Central and Eastern Europe and indicated that some clients are now requesting multiple territories to be included in the same deal. Even so, collection remains his main concern, so much so that his company has occasionally offered to pay the bank fees involved in obtaining warrantees for contracts.

DISCOP East recorded the attendance of approximately 510 sellers from 40 countries and 890 buyers, though market organizers complained of many buyers who, even after registering or being invited to attend all expenses paid, canceled at the last minute. Overall, officially registered buyers recorded a 19 percent drop compared to 2008, though the number of those actually present was estimated at 30 percent fewer than those at last year's event.

Sellers were scattered throughout 120 suites on four floors of the Sofitel hotel, as well as some 60 tables (most of them shared) and 60 individual viewing boxes (not shared) located in the mezzanine and basement areas. In terms of contingents, the largest one, with 45 companies, was from the U.S., followed by the U.K. (40 companies), France (39) and Spain (21).

Bavaria Media's Helge Kühnen and Oliver Kreuter

The basement also housed the registration area and conference rooms. The conferences covered topics spanning from how to monetize blocks of TV airtime to pitching for projects.

Another of DISCOP's signatures is its traditionally large number of parties, cocktails and luncheons. With 12 of such official recreational activities scattered over a three-day period, DISCOP is one of the international markets with the largest concentration of celebrations, averaging four a day.

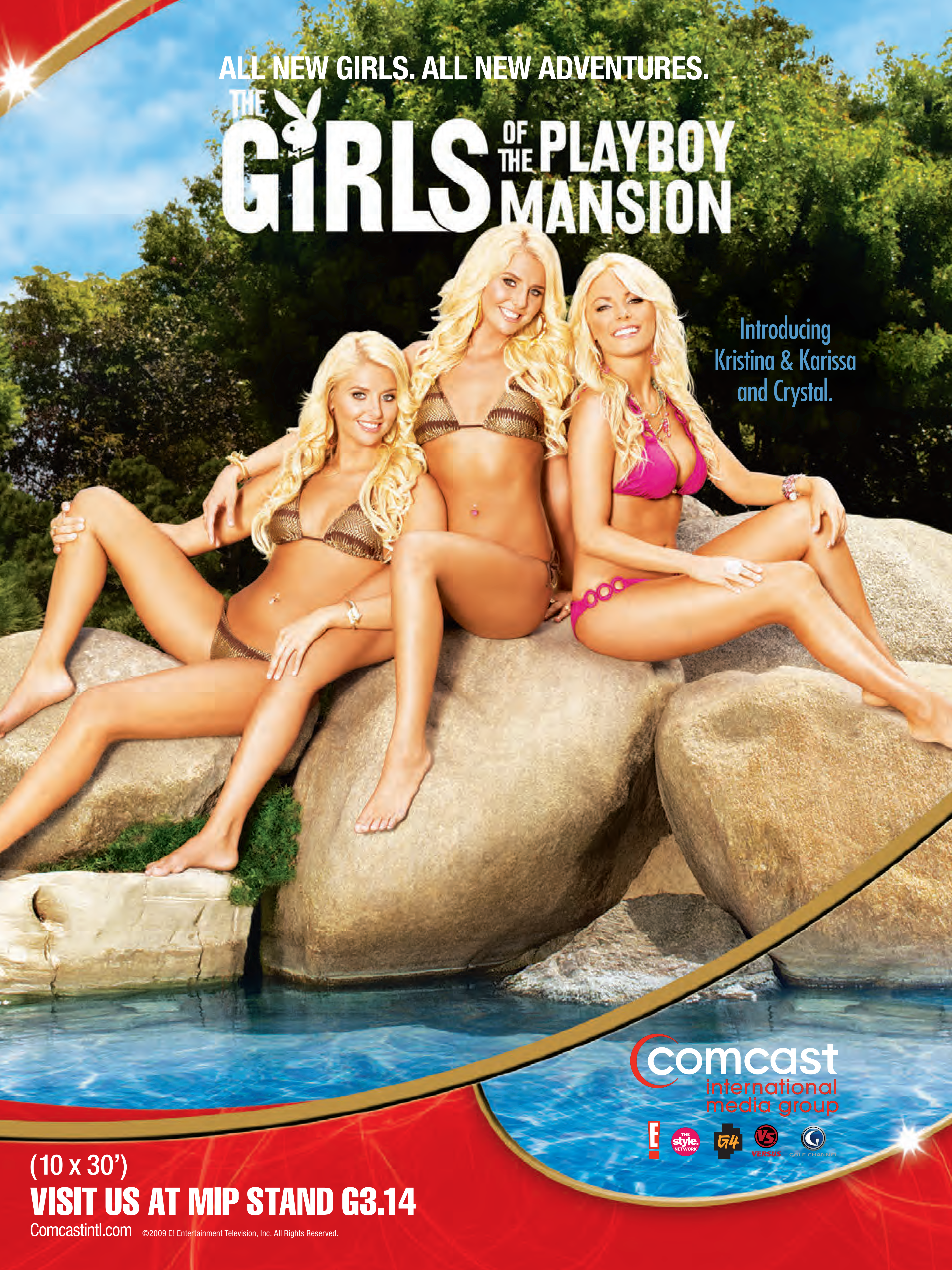
In addition to official parties, there were a number of private, unlisted events, such as the one offered by the Italian Trade Commission to the 13 Italian companies and their clients participating at DISCOP.

Budapest Italian Trade Commission's director Alessio Ponz de Leon Pisani greets Italian executives and international buyers at a private dinner

Televisa International's Ricardo Ehrsam, Patricia Porto Pedrido, Claudia Sahab, Jose Luis Romero

Despite the reduced number of buyers, distributors reported brisk sales. Sabrina Eleuteri of Italy's RaiTrade commented: "Even though the world's financial crisis caused a drop of buyers compared to last year, results at this DISCOP were good. RaiTrade sold series, comedies, documentaries and children animation to countries such as Russia, Hungary, Bulgaria, Romania and Slovakia. We even made pre-sales to Romania and Bulgaria for *Frederick Barbarossa*, a new mini-series in production."

Finally, DISCOP's Jucaud announced that, "We have not yet decided whether to hold one or two DISCOP AFRICA events a year from 2010 on. This decision will be made after the Nairobi event." ●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Market Upbeat For Those With New, Exciting Content

By Karen Ruttner

For those companies that don't have a proven hit in their arsenal, MIPCOM promises to be a subdued, no-frills affair. But for some, like Starz, Disney, FremantleMedia, RaiTrade, CCI, Comcast, and others the vibe seems to be "business as usual, if not better."

It's no question that all companies are looking for ways to economize. Some, like Lightworks, have disappeared altogether, while others, like Carsey Werner, are conducting an experiment: attending a major market without a stand and seeing if it will ultimately make a difference in their success.

The Dallas, Texas-based Center for Exhibition Industry Research has calculated that on average, it costs $215 to make a face-to-face visit with a potential customer at a trade show, and $1,039 to obtain similar results without using the organized events. And, according to Forrester Consulting of Cambridge, Massachusetts, 61 percent of marketers consider face-to-face exhibiting the most effective means of building a brand image.

In addition, the Norwalk, Connecticut-based Event Marketing Institute found that 53 percent of sales and marketing professionals consider events to be the best vehicle for accelerating business relationships.

But, all businesses seem focused on numbers and MIPCOM exhibitors are no exception, keeping a close eye on the number of attendees, even though this parameter is now considered inaccurate.

According to Doug Ducate of the Center for Exhibition Industry Research, for the past 20 years, the success story of trade shows was measured by their rate of growth. If a trade show had 10 percent more attendees each time, it was hailed a winner. "We sold that message," Ducate told *Meeting & Conventions* magazine. However, market organizers now realize the weakness of that argument. A better

FremantleMedia's David Ellender and Tony Cohen

measure of an exhibition is in fact the quality of its attendees.

MIPCOM 2009 has scheduled over 45 conference sessions, with Monday serving as heavy hitter with a keynote speech from Tony Cohen, CEO of FremantleMedia, a "Cooking TV Case Study," and a session on "New Funding." Tuesday is also a good seminar day with actor Jerry Seinfeld outlining his new show, *The Marriage Ref.*

VideoAge had the opportunity to discuss MIPCOM 2009's key features with Laurine Gaurade, acting director of the TV Division at Reed MIDEM, the market organizer. Gaurade said that, "MIPCOM 2009 will be of particular importance in helping professionals take stock of the key issues, identify new business models, exchange with fellow counterparts internationally and create new relationships and partnerships in new areas."

The theme of "rethinking" came up multiple times. "'Rethinking Production' kicks off the conference program," Gaurade said, "which will focus on identifying new revenue streams, taking a close look at co-production deals, commissioning, Internet distribution, new formats and online content monetization." She explained that the MIPCOM team was extremely keen on engaging first time producers, going so far as to offer them a special rate for attendance. "We have been working closely with a number of producers' associations worldwide in developing this program," she said. "We want to make the initiative as accessible as possible for new independent producers, who are so important to the creative process."

From production to platforms, MIPCOM hoped to cover all bases. "Online gaming is one of the fastest growing areas of entertainment, and there are new opportunities for producers and broadcasters to forge

MIPCOM is one of Latin American distributors' favorite markets

MGM TV's Gary Marenzi

new relationships with online gaming companies," Gaurade said. "MIPCOM is seeking to facilitate this by bringing together game developers with international TV channels and production executives." Furthermore, in terms of other technological developments, a stream of conferences will focus on Internet-enabled TV sets and other such innovations. "We will look at how Pay TV can adapt to the threat from web video, and will also focus on how the explosion of mobile apps will offer new sources of revenue for the content industry."

MIPCOM isn't all about brainstorming though; there's still fun to be had. "We are delighted to be celebrating the 20th anniversary of *The Simpsons*, the longest running comedy series on prime time TV," Gaurade enthused. "We're proud to welcome the series' creator Matt Groening and executive producer Al Jean as keynote speakers, and we will be honoring Matt Groening with our inaugural Creative Icon Award on October 7."

Major players on the business front are looking forward to the mix of innovative business and entertainment offerings. Gene George of Hollywood-based Starz Media commented, "We're very excited that MIPCOM is paying tribute to *The Simpsons* since our animation studio, Film Roman, has produced the animation for the series, the movie, the DVD releases and *The Simpsons* games for the past 15 years." George also expressed great interest in the "Connected Entertainment" seminar series, noting, "Starz Digital Media has been successful in finding ways to create new revenue streams in online and broadband platforms for our movies and series, whether it's the Manga.com website or the animated Bunnies shorts movie parodies. Marc DeBevoise, who leads Starz Digital Media, and his team have been highly successful in building alliances with key outlets such as iTunes, Xbox, Netflix and the like. I'm sure they'll be checking

(Continued on Page 18)


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(Continued from Page 16)

Venevision International announced a special venture in China at MIP

out relevant conferences in this space."

Patrick Elmendorff of Germany's Studio 100 Media highlighted two particular seminars of interest to his company. "Being involved with international co-productions, we are of course interested in all ways of financing, which often is the most delicate stage of a television series project, so we will be at the October 5 seminar, 'New Funding for Producers from Around the World,'" he said. "Also, we appreciate that there is a seminar ['What is the Impact of Connected Entertainment on the Television Industry?'] that deals with the relationship of television and cross-media platforms, which are also a vital part of our business activities."

The distributors also have memorable events of their own to contribute to the assembly. "We're excited to be bringing a truly original series, *Spartacus: Blood and Sand*, to MIPCOM," said Gene George. "The series is set to premiere on our Starz premium channel in the U.S. in January 2010, but it will have its world premiere at a highly anticipated buyers-only screening [at MIPCOM].... Starz is also co-sponsor of the Opening Night cocktail party, where we'll be giving many other MIPCOM attendees their first real look at the show."

Jill Keenleyside of Toronto's CCI Entertainment added, "We have several special things planned for the launch of *Artzooka*, our very exciting new Canada/German, multi-million dollar art series for kids. Many of the principals who helped make *Art Attack* a worldwide success are involved and this series pretty much picks up where it left off. With digital technology, a whole new world of possibilities have opened up." Keenleyside also touched on the adjustments CCI has been making in the face of our current economy, saying, "We're making local versions [of *Artzooka*] as well, which really plays into the economic struggles of the past year, as we can have [those versions] at a fraction of usual production costs."

For all those involved, MIPCOM holds a lot of promise, despite the bleak attitude some have. "Attendance is looking good," commented Laurine Garaude of Reed MIDEM. "Currently we have 3,000 buyers signed up for MIPCOM and some 400 for MIPJUNIOR. We should have close to 4,000 buyers at MIPCOM. The overall projected attendance is in the region or 12,000 of more participants."

Keenleyside should be pleased with those projections, as she had said, "CCI always likes MIPCOM because of the kids' buyers who attend JUNIOR. It also looks as if we're seeing more people back who took a break from MIP because of the economy."

Gene George noted a similar trend, saying, "Our meeting schedules for our sales team are filling up fast and already pacing way ahead of last MIPCOM." Patrick Elmendorff echoed the CCI sentiment on behalf of Studio 100, pointing out, "Since MIPCOM is connected to MIPJUNIOR, we expect to see more buyers related to the kids' segment [than there were at MIP]."

VideoAge closed the various interviews by asking these industry participants how they view the buying/selling market overall. "Hmm, that's an interesting question," Keenleyside mused. "We've seen the challenges of the last year, but we're also seeing more multi-territory broadcasters starting up, broadcasters coming back for more episodes or renewals of successful series. There are some great co-production opportunities out there, more than ever before. We're seeing some significant signs of recovery, which is the best news. Let's just hope it continues." George expressed a similar view, commenting, "There is no question that we're currently in a very challenging economic climate. Many broadcasters have slashed acquisition budgets to adapt to declining ad revenue. We have seen broadcasters digging deep into their current libraries and recycling their content to a greater degree. Having said that, broadcasters

There are some great co-production opportunities out there, more than ever before. We're seeing some significant signs of recovery, which is the best news. Let's just hope it continues.

are focusing their energies, and their dollars, on defining series that have great playability. We are actually seeing a more aggressive and competitive environment for these types of programs."

Are there any particular territories that seem enticing to the MIPCOM crowd? "The key countries in Europe are critical for us, and we have worked hard to build strong alliances in many territories including the UK, France and Spain," said George. "We also see continued growth in Eastern Europe and Latin America while we still find Japan to be a very challenging marketplace."

Italy's Mondo TV has its sights set elsewhere, as representative Matteo Corradi explained, "We are looking into a future co-production with Al Jazeera Children Channel in the Middle East region. This is a region that interests us a lot at the moment, as it is truly growing fast."

Corradi then added, "The buying and selling market nowadays is interesting. The economic meltdown affected many unexpected countries, but this will have an end very soon. We need to be optimistic and work on producing better titles to suit what all the channels are looking for."

Studio 100 Media's Elmendorff summed it all up neatly by stating, "In times of the global economic crisis, it's a buyers' market. Of course the territories which didn't suffer as much from the crisis are more enticing than others, but we keep our good business relationships with all our clients and try to adapt to the possibilities they have."

That seems to be the story for MIPCOM 2009 overall – working towards a positive outlook, adapting to new possibilities, and, mainly, rethinking the television industry as we all know it. ●


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Film Fests Feast

Italy & Canada: Two Countries Divided by Four Festivals

Cinemavault's Caroline Stern

By Lucy Cohen Blatter

The fall season brings four major festivals in two countries. Beginning in late August and running through October, international film executives attend the 33rd Montreal World Film Festival (Aug. 27-Sept. 7), the 66th Venice Film Festival (Sept. 2-12), the 34th annual Toronto International Film Festival (Sept. 10-19), and the fourth annual International Rome Film Festival (Oct. 15-23).

These come in addition to second-tier festivals like the Cologne Film TV Festival (Sept. 30-Oct.4) in Germany, Antalya Golden Orange (Oct. 10-17) in Turkey and the Bucharest International Film Festival, recently renamed the Romania International Film Festival, held in Arad (Sept. 27-Oct. 4). And don't forget the upcoming American Film Market (Nov. 4-11) in Santa Monica, California, which is associated with the AFI Fest being held in Los Angeles (Oct. 30-Nov. 7).

But in such a depleted economic climate, the question remains: Is there a need for all of these? A survey of executives found that many are choosing one or two of the festivals to attend, as opposed to covering all ground.

"We alternate," said Caroline Stern, v.p. of International Distribution at Canada's Cinemavault. "We send our acquisitions team to Montreal most years, and Rome is important in terms of Italian sales. But we only send representatives if we have a film there," she added. "We'll always do Toronto, and Venice if we have a film there, but otherwise we put a lot of time and money into Toronto."

Steve Arroyave, founder of Canada-based Arrow Entertainment, attended the festivals in both Toronto and Montreal looking for acquisitions, and concurred that Toronto has become the must-attend film event of the fall, despite the fact that it has no formal market. "It's arguably number two behind Cannes," he said. "A lot more distributors have been going there." But, he was somewhat skeptical that attendance would be high at the various fall festivals. "Things have been incredibly slow the last six months or so. It's probably been the worst I've seen it in the 20 years since I've been in the business. We're having a hard time selling films. The video market has really gone down and in the past six months TV stations have not been buying as much."

Arrow Entertainment's Steve Arroyave

But Arroyave pointed out that the slowing of sales could present an opportunity for those looking to acquire more titles. "A lot of sales agents are in trouble, so there might be better deals this time around."

Cinemavault's Stern explained that she and her colleagues tend to use TIFF, which she described as "the first key market after the summer," to follow up on talks that began earlier in the year. "Our strategy for sales has never been to compete with festival activity. Unlike in Cannes, Santa Monica's AFM and Berlin, we don't set up screenings. We use it as a place to follow up from Cannes," she said.

Speaking of the year's crowded calendar, Stern pointed out that, "Every year, there seem to be more and more events and festivals that are extremely significant within their territories. It's the same every season. We have to pick and choose based on which will have the best attendance and which will be most significant for local marketing possibilities."

According to a Toronto-based film and TV financier, "Toronto is much more important [than Montreal]. It is number two in the world after Cannes. Montreal is a niche event, and has had a volatile past." A Montreal-based filmmaker provided the following assessment: "The Montreal World Film Festival is more or less the launching pad for new film makers as well as a high brow, intellectual festival. It is truly an international film fest as it showcases films from everywhere. A select few industry people go to Montreal, although it has a huge local consumer following. The market [side of the event] is focusing on the new 'carriers' rather than classic physical distribution.

"Toronto is a business hub and the who's who of the industry is present.

"Montreal is more where you discover films and film makers while Toronto is where you make deals, meet the stars and enjoy big parties.

"Montreal World Film Festival is the very personal vision of a film historian while Toronto is a Film Festival with a mercantile and cultural bottom line."

Another Toronto insider, who, like the other executives interviewed for this piece preferred not to be named, added: "Montreal is a small, part-time organization run by the difficult executive director Serge Losique, who has alienated all of Hollywood and many people in the Quebec film industry. Toronto is a massive organization whose programmers and management are respected the world over. Both organizations claim approximately the same attendance [roughly 350,000] but Montreal's number includes nightly, free outdoor screenings in a public square.

"Broadly speaking, Montreal is more of an 'art film' festival. These days it programs few, if any, studio films. Montreal has an official market, Toronto does not, but instead operates a sales office to match buyers and sellers on an as-needed basis. The volume of business done in Toronto can exceed C$100 million."

VideoAge asked Sesto Cifola, head of Cinema and TV Drama International Sales at Italy's RaiTrade, to give an assessment of the two competing Italian film festivals. "This is the same question we've been hearing for the past four years," he quipped. "Venice means tradition and artistic values. Rome has more of business nature, considering that it has the budget to invite buyers all-expenses paid. In addition, RaiTrade is one of International Rome Film Festival's [IRFF] major sponsors because Rome is where we're based, so it's like a home play for us." He then explained that "for us, they're both important and for this reason we take different new titles [to each]."

In addition to Venice and IRFF, RaiTrade has attended the Toronto Film Festival and will be participating without a stand (but sharing a room under the Italian Trade Commission umbrella) at the American Film Market in Santa Monica.

"The AFM is important because of clients from Canada, the U.S., South America and the Far East," said Cifola, "we certainly don't go to the AFM looking for the Europeans we met in Venice and Rome."

The Business Street is the market side of IRFF and is held October 15-19 in two locations around Via Veneto: Hotel Majestic and Hotel Bernini Bristol. The latter venue also operates as the marketplace headquarters.

"Venice has more value for producers," commented a Rome-based Italian industry veteran. "Winning Venice's Golden Lion is on par with, if not more prestigious than Cannes' Golden Palm." However, he continued, "Venice doesn't have a market and for this reason its main competitor is Toronto, which, with its informal trade show, is in effect the number one fall event."

According to Paolo Di Maira, the editor of Italian film-TV trade publication *Cinema & Video*, "Italians always comment that Venice is an important showcase. However, with the exclusion of those producers who attend Venice with public money, many people actually dislike Venice because of its high costs and lack of business. Recently, festival director Marco Muller made it clear that Venice doesn't want to develop a market. For these reasons, many Italian producers and distributors prefer Rome where business is not only done and encouraged, but the organization itself is betting on the business side."

Finally, Ron Moore, CEO of Toronto marketing firm SONARmediathink and executive producer of Los Angeles-based, internationally syndicated *Red Carpet Diary*, best summarized Canada's two fests, commenting: "Toronto is a colossus that just keeps growing in scope and reputation. It's not only one of the most well-run film festivals on the planet but among the best-run cultural events. Montreal just isn't in that league any longer, but that's not to say it doesn't provide a great experience for cinephiles. It simply does not put Montreal on the map. But I would say that hands-down, Montreal has the best posters. They're always extremely well designed, sometimes witty and very collectible."


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The Internet Is a Destination, It Ain't Television

Charles Zamaria is a Professor at Ryerson University, Toronto, Canada. He is Director of the Canadian Internet Project, and serves as Financial Director for several Canadian television and new media funding agencies.

By Charles Zamaria

Over the past several years, we have witnessed unprecedented growth in Internet consumption and more recently, an escalation of video on the web. Streamed or downloaded video content – both short and long form – is the current craving of many who use the Internet on a regular basis.

As broadband provides more opportunity for seamless and uninterrupted distribution, the use of online video has increased exponentially. And at last, after many years of denial, the television industry appears to finally "get it." After watching the effects of digital distribution on the music and newspaper industries, broadcasters are quickly making programming accessible online. But do broadcasters really get it? Is the web the place to watch television after all?

Besides directly downloading and streaming television programming online, IPTV is another example of an attempt by broadcasters (and other corporate interests) to port television to the Internet. Through Wi-Fi, Wi-Max, cable DSL, and satellite, IPTV essentially provides an opportunity for TV viewing via broadband. Does this promise to gather a strong audience? Perhaps not. Internet users don't see themselves as an *audience*.

As digital consumers are repeatedly surveyed, monitored and studied, the more we begin to understand the overwhelming attraction of the Internet. New research reveals Internet users are seeking a unique experience when online. From social networking to sampling content to aimlessly browsing, the web is being used to seek out destinations as well as provide content and programming.

The attraction of the Internet is found in the experience of being part of a broader community. Online engagement is not an isolated activity as it is with other traditional media. While using the Internet, it is common to listen to music, watch television or talk on the telephone simultaneously. Internet users are more participants than audience in a complex and rapidly changing online world. Is this a suitable place for television?

Results from an ongoing international study conducted by member countries of the World Internet Project (WIP), indicate that while the Internet may have begun as a conduit to satisfy specific needs, it is now perceived as a destination in itself. Jeff Cole, Director of the Center for the Digital Future and the headquarters for the WIP at University of Southern California in Los Angeles said:

"Findings from research conducted over the last decade indicate more and more people venture online primarily for engagement and interaction with others. They see the Internet as a location to visit and experience, just as one would travel to a new place. Almost nine of 10 Internet users report they browse online with no destination in mind, and most do so regularly. Non-specific surfing is the most popular use of the Internet. Searching for information and entertainment may be the end result, but being online is more about exploration and discovery of place. The Internet is as much a place and destination as anything else."

Just like the transporter in *Star Trek*, the Internet provides an opportunity to travel to destinations and encounter various levels of engagement. And the very journey or the opportunity to explore, interact and engage without a specific purpose is what most drives online traffic.

The Internet is not just a distribution conduit like so many other media, but an experience unto itself. While an endless supply of video content online satisfies many, the Internet is evolving beyond just another distribution platform like television. Online sampling of content appears to be a more widespread activity than attending to full length programming. It is perhaps symptomatic of the changing pattern of consumption and behaviour brought about by the Internet. The Internet just ain't TV.

Broadcasters are attempting to take advantage of the overwhelming lure of the Internet. While they may have been slow to adapt to the convergent realities, most broadcasters now see the Internet as key to their business model. And an absolute necessity for this new business model to work is making content available online. If you can't beat 'em, join 'em. Or better still, if you follow your audience as they trek by the millions from television sets to computer screens, you may just be able to take advantage of this migration and further monetize your content… or, perhaps just use the Internet to promote your own core television product…heck, at the very least, survive.

This may be too simple a model to work. Internet users have much greater expectations, and these expectations continue to grow. That is the nature of the Internet. The web is unlike any other medium we have known. The key for success is understanding not just how it is used, but *why* it is used.

Seemingly, traditional media has been hit hard by the online revolution we are now encountering. Who would have thought the telegraph would cease to exist, or that the number of book sales it takes to make the *New York Times* best sellers list would be reduced to a mere fraction of what it used to be? Recently, newspaper subscription and readership have plummeted greatly, and movie theater attendance has been decimated.

However, the cries lamenting the ruination of traditional media due to the want and demand of newer media are somewhat incorrect. To paraphrase Mark Twain, reports of its death have been greatly exaggerated. The WIP study indicates that consumption of traditional media has diminished, but not to the extent previously believed. Nor has increased traffic online stemmed from a decrease in traditional media consumption. Jeff Cole believes the answer more complex than one media simply dominating and displacing another:

In the long history of mass media, no medium has ever fully disappeared. Instead, most have adapted and changed. Traditional media must adapt and find new relationships with other media and provide value in its own right. Levels of television viewing, newspaper reading, and radio listening have certainly fluctuated in the digital era, but they have not and will not disappear entirely. Each medium is unique and satisfies specific niches. The Internet is unlike any other and will find its draw from its ability to provide experiences, not just content. Even so, original platforms for traditional media will continue to serve attractive and useful purpose amidst this time of change.

In other words, the sky is not falling for broadcasters and there may be opportunity for both the Internet and television to co-exist together quite amicably, actually complementing each other. Convergent, re-purposed and crossover content? Certainly. Take a look at Canada and the success of the Bell Fund in sponsoring hundreds of successful cross-platform projects, several of which have won International Emmys. But retransmission of television programming online may overlook the full potential of the Internet. Moving forward, television on the Internet may not take into account what most people expect when online.

Statistics and ratings indicate that youth and young adults use the Internet significantly more than any other demographic, and they do so directly at the expense of watching television. But now studies are beginning to see a relationship between media choices and life stage. In other words, as they grow older, younger folks appear to increase their use of more traditional media such as television and newspapers. The motivation for being online continues, but its attraction is quite distinct compared to other media.

Results from the WIP study show little difference in consumption levels of traditional media between those who use the Internet versus those who don't across all age groups (surprisingly, in North America there is still about 1/5 of the population that is not online). In Canada, for example, those who use the Internet spend approximately 45.3 hours per week consuming a variety of 13 common traditional media. Canadian Internet non-users use the same media for 46 hours per week.

These findings are quite extraordinary. The amount of time spent attending to several traditional media including television, radio, books, newspapers, and films is almost the same for both Internet users and non-users. Apparently, the Internet is not drastically displacing the traditional media audience after all.

Moreover, the WIP study has found that those who use the Internet more frequently than others seem to use all other media more. Media use begets more media use. People are supplementing their traditional media diet with what they find online, though, there remains tremendous loyalty and appetite for these media on their original platforms.

Web sites references from this article: www.canadaonline.ca; www.worldinternetproject.net; www.digitalcenter.org; www.bellfund.ca

Cable, Telcos, Satellite, TV Nets Are Geared Up For IPTV

By Levi Shapiro

Bill Geibler has a few simple rules. The 38-year-old father of two in Annapolis, Maryland learned his three rules to live by from Coach Bobby Finstock in the 1985 MGM/UA film *Teen Wolf*. "Never get less than 12 hours sleep; never play cards with a guy who has the same first name as a city; and never get involved with a woman with a tattoo of a dagger on her body. Now you stick to that, and everything else is cream cheese."

Bill has added a fourth rule to that list: "watch every football game on Sundays." In order to see more games and have live chat, VoIP and other interactive features for his fantasy sports leagues, he switched to a hybrid IPTV/satellite package from AT&T U-verse, the IPTV service from the telco, and DirecTV, the satellite TV platform. "God bless these internet wires," said Bill.

The true benefit of IPTV (or television via broadband) is two-way data flow. The system learns viewer preferences for greater customization and more accurate ad targeting. Most importantly, viewers can enjoy other advanced media services during their television experience, including VoIP (telephone services), messaging, recommendations, voting and IM chat capabilities. While the Fantasy Sports Trade Association (www.fsta.org) estimates there are 20 million active fantasy football players in the U.S., there are many other groups that crave additional interactivity. In fact, AT&T U-verse expanded its subscriber base in the first quarter of 2009 to 1.3 million people while FiOs from the telco Verizon grew 84 percent to 2.22 million customers.

IPTV has generally been a television service from fixed line telecom operators like Deutsche Telekom, France Telecom and Hanaro (acquired by SK Telecom in Korea). These are digital TV services using technologies for the computer network and offering the "quality of service" expected from cable or satellite television. A telco IPTV service is typically delivered over a complex proprietary network, which has been engineered to ensure bandwidth efficient delivery of vast amounts of multicast video traffic. The higher network quality also enables easy delivery of high quality SD or HD content. This makes IPTV a preferred delivery platform for premium video content. According to Campbell, California-based Infonetics Research, the number of pure and hybrid IPTV subscribers worldwide doubled last year to 26 million and should surpass 150 million in three years time. These companies have grabbed market share by introducing a variety of innovations to benefit consumers, content owners and advertisers.

Stephen Kim is Managing Director of Content at Hanaromedia, the IPTV division of SK Telecom in Korea. "When we launched our service, we definitely thought about differentiation. So we created and developed a new premium VoD window called Hana Box. It is not in the traditional window system at all, you could say that we broke the window. If you miss the film in the theater, you can watch it three weeks later on Hana Box, before the DVD release. You may pay a bit more but we checked the customer's reaction. They are very satisfied with that price for that service."

One of the earliest telcos to launch IPTV in Europe was Belgacom in 2004. Belgacom has been successful in increasing the ARPU (average revenue per user) for its IPTV services by increasing the uptake of video-on-demand rentals. In the first quarter of 2009, ARPU was 17.2 Euro/month. Belgacom has concentrated on the discovery process by making it easy for customers to find the film they want. To do this, there are three channels within its "Cinema at Home" section, making it very quick, for example, to locate a family film. This helps overcome the problem of customers becoming lost or overwhelmed by the amount of on-demand content available, which is typically around 1,600 VoD movies at any given time. Bernard Rapaille, head of TV at Belgacom, has been involved with this effort for over five years and emphasizes the role of targeted content, and the difficulties in getting TV and telco cultures to collaborate. "We should never forget that TV is emotional. TV is an emotion that we can deliver to the client in their homes. Now it has become a standard. I expect that within 24 months, analog will be completely finished."

There is, of course, another type of Internet television, which is the traditional video on a computer. That is the one using the open Internet and therefore lacks guaranteed quality of service. The audience for the latter is exploding. According to ComScore, a market research company based in Reston, Virginia, more than 158 million Americans, or 81 percent of the U.S. Internet audience, watched videos on sites like Hulu.com, ABC.com and YouTube last July. This was the largest audience ever.

In an effort to protect cable subscription revenue and combat premium online video sites like Hulu, the two largest MSO's recently launched TV Everywhere (Time Warner Cable) and ODOL, or On Demand Online (Comcast). This means that a Comcast subscriber in Philadelphia can input their own password protected authentication number (developed by Buffalo, NY-based Synacor) and view most of the content that is available on-air online. Time Warner's trial is available to 5,000 subscribers and features content from TNT, TBS, HBO, Discovery, CBS, NBC's SyFy, AMC, WEtv, Sundance, etc. Most importantly, content can be viewed through programmer-owned websites, such as TV.com or Hulu.

Internationally, broadcasters are focusing on advanced services for an Internet-based television viewing experience. Rahul Chakkara, the Controller of Future Media TV Platforms at the BBC in the U.K. explained: "People understand that bringing IP to the TV will enable new kinds of services, catch-up TV services, new kinds of applications from the web onto the television that gives them value. Through iPlayer, Canvas, Free Sat and other services, BBC is investing in bringing together the richness of broadcast with the power of broadband.

> *"More than 158 million Americans, or 81 percent of the U.S. Internet audience, watched videos on sites like Hulu, ABC.com and YouTube last July. This was the largest audience ever.*

And I have to say, when we talk to the content makers, they really want to get involved. This basically shows that if you tap into that energy and enthusiasm, and we give them the tools to create new kinds of content and services, we can entice the audiences to use IPTV more and more".

Some of these popular services include place shifting from Echostar's Sling division. Another innovative offering is whole-home DVR from DirecTV. This represents a triumph for inertia. You can now view the DVR in one room, pause it, and then watch in another room—a single DVR drives the entire house.

Ideally, the rich ecosystem of applications currently available for the iPhone (70,000 as of September 2009) could just as easily flourish on other hardware, including Internet connected televisions. This was the position taken by Google's engineering vice-president Vic Gundotra at the MobileBeats conference. He called the Apple App Store trend a "fad." It is exciting to think about the functionalities that software developers could bring to a connected IPTV environment.

The holy grail for an IP-based television platform in the living room is better targeting for advertisers and more personalization for viewers. Marketers seeking a more targeted ad impression now know something about their viewers that they never had before-context. Next step will be the marketing of an open Internet IPTV set-top box where consumers can request television services a-la-carte by using their credit cards.


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Times Are Tough, Budgets Are Down

That there is enormous pressure on budgets for television production and acquisition is hardly news. But there are some very different views as to whether the good times will ever roll again.

"To me, this looks very much like the dawning of a new age." Gary Carter, the London-based president, Creative Networks and CCO, FMX, FremantleMedia Enterprises, said with a touch of cynicism. "The research we have done suggests that advertising and budgets will take several years to return to the levels they were at pre-credit crunch, if indeed they return to those levels at all. If they do manage to bounce back, it is very unlikely that they will ever rise at the rate they once did."

If you think that sounds depressing, wait — there's more! Carter continued, "This recession is very different from those that preceded it, in that previously, broadcasters spent their way out of recession. This time, the pain is being passed on, and I am sure that some of the smaller production houses will see losses and there will be some consolidation over the next 18 months or so."

Karoline Spodsberg, international director of Sweden's Nordisk was no more hopeful. "It is certainly true that at the moment budgets are being squeezed very heavily, and I cannot see them recovering to anything like their previous levels, even when the credit crunch is over," she said. "Now that broadcasters have appreciated the cost at which content can be produced, they won't want to go back to paying the old prices, even if they do have the money – why should they?"

"In theory," suggested Carter, "this is a good time for companies with big catalogues, because schedules still need to be filled, and the cheapest way to do that is buying programming from other sources. But, I am not sure how long that can go on for. Sure, a broadcaster can save money by acquisitions and increased repeats, but the danger of that strategy is that you risk breaking the link with your audience." Spodsberg concurred. "Viewers will continue to demand high quality on television," she asserted. "They might be willing to tolerate lower quality on the Internet, but they won't tolerate it on television."

London-based Tobi De Graaff, director, Global TV Distribution at ITV Studios is very upbeat in regard to the future of budgets, predicting, "In the key programming areas for major broadcasters, budgets will not only recover, but they will actually increase." The main reason for this optimism is the power of the brand. "We don't sell programming," De Graaff explained. "We sell brands. And these brands have a 'reserved' audience. Dedicated fans that will find these shows in any market, no matter how crowded. In the future, this [loyalty] will be vitally important to broadcasters, and so they will pay for it." Although De Graaff concurred with Carter and Spodsberg that new funding will have to be found, he believes this will come through more direct commercial means as opposed to a realignment of relationships with advertisers. "One of the advantages a broadcaster gets from a big budget show is visibility," he said. "And I am sure we will see major broadcasters looking to increase their earnings through ancillary revenue streams like licensing, greater brand extension on associated channels, and greater 360 degree exploitation."

Somewhere between these poles of caution and optimism sits Paul Heaney, managing director of the U.K.'s Cineflix International, which specializes in supplying content to smaller channels. "[Television] ad revenues have taken a battering this year," he said, "But there will always be a need for acquired content, it is the modus operandi of the smaller channel business, thus programming budgets will likely stay the same." But, he does caution, "The clever part is to find new ways to fund projects, other than the traditional commissioning structure, whether it be through consumer product deals, advertiser funding, or other ancillary rights. Rights management is also a key issue, and now is the time to ensure that only the rights needed are granted."

Saralo MacGregor, the Santa Monica, California-based executive vice-president of Fireworks International believes, "Whether it's new or library programming, it still has to satisfy the networks' ratings expectations, and with the amount of library material available to them, networks will be as selective now as they have always been." Whatever the future holds, it is difficult to avoid the conclusion that whether it is a bright future or a cloudy one, it is definitely going to be very different from the past. **BJ**


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TV Role At Promo Event Loses Focus But Finds Hope

The 2009 Promax|BDA conference, which took place last June at the Hilton Hotel in New York City, continued in its effort to get out from under its diminishing reputation as a television industry event past its prime, a curse it suffered during former chairman Glynn Brailsford's tenure. This time around, the event made every attempt to appeal to attendees' creative bones and address the all-media need for solutions to the problem of changing business models, as the "Leading the New Economy of Marketing and Design" tagline indicated. With the help of Promax|BDA president Jonathan Block-Verk, who took over in 2007, the event is trying to recapture some of its former glory.

As with many international media conferences, attendance was down this year. Despite this, Block-Verk remained sunny about the lineup. "While the number of attendees has changed, the caliber of registered delegates is top-notch. In essence, the same major media companies are coming, but they're sending fewer people. Attendees are generally v.p. level and higher."

Television executives were a quieter presence than in years past, largely relegated to the various panels and seminars on offer as opposed to meet-and-greet receptions and exhibitors' booths. In the busy halls, one might bump into to Disney's executive v.p. of marketing for domestic syndication, Sal Sardo, or Warner Bros.' Susan Kantor (who received a Brand Builder award), or drop in on Warner Bros' TV International's hospitality suite. Fox Television was there in name, sponsoring the PROMAX reception area. Still, it was a far cry from the time when television dominated the agenda and the exhibition floor.

Perhaps Block-Verk's announcement that the event would be moving to Los Angeles next year after six consecutive years in New York symbolizes a desire to get back to the core of the conference's television promotion roots. Explaining the decision for the 2010 move, Block-Verk said, "Los Angeles is the television capital of the world, making it a natural location for the Promax|BDA annual conference. And as the leading organization for marketing and design professionals in the entertainment industry, it is important

Scenes from Promax 2009

that we keep a fresh perspective, which the move to the state-of-the-art LA LIVE venue will help accomplish."

This year, presentations were a mix of straight-forward lecture-style panels, as with the Media Leaders Summit, and playful performance pieces, as with recording artist Peanut Butter Wolf's audio-visual DJ set and the well-attended Ralph Steadman seminar, during which the renowned illustrator took the stage and smashed an iPhone with a hammer. These more whimsical interludes served less to inform or instruct and more to remind attendees of the innovations and creative possibilities at the root of any successful business. When asked what Steadman's work had to do directly with the subject matter at this year's affair, Block-Verk said, "Promax|BDA is all about where marketing and creativity intersects."

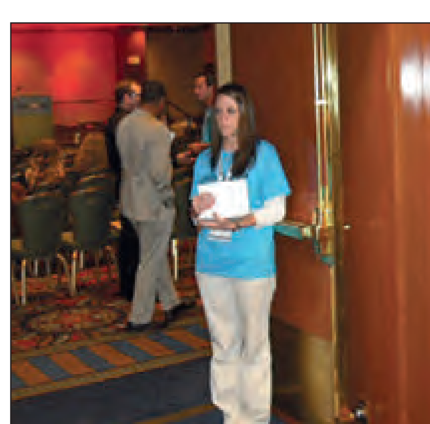
For a conference that has for all intents and purposes undergone something of a rebrand itself, it's perhaps not surprising that many of the topics at the center of this year's conference had to do with rebranding, reinventing, and adapting in the face of a changing audience, new means of media consumption and an economy just now recovering from a catastrophic nose-dive.

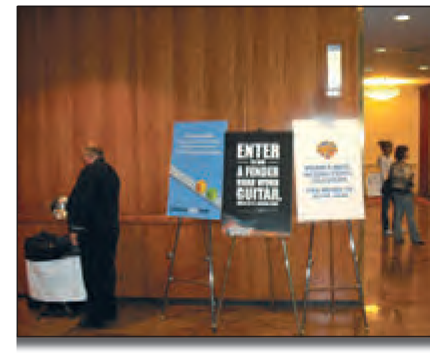
During a talk about how the media has suffered from the fiscal downturn, CNN's chief business correspondent Ali Vashi discussed a term he coined, the "new frugality," which refers to a new approach to capitalism wherein consumers are re-evaluating what they can and can't do without. "We're moving from a society that buys a TV and pays for it over two years to one that saves for two years and then buys a TV." And after all that time's elapsed, there's no guarantee that the money will be spent on the item it was originally allocated for. He ended by saying that advertisers and marketers can embrace this "new frugality" by addressing content's overall value, quality, and longevity, saying that by and large, aspirational luxury won't resonate with TV viewers any longer.

Speakers at the Media Leaders Summit contradicted some of the messages that Vashi put forth in his discussion of the "new frugality," harping on escapism in programming as the key to weathering the financial turmoil of the current recession. In speaking about USA's new show *Royal Pains*, set in the ritzy beach community of the Hamptons in New York, NBCU Cable Entertainment and Universal Cable Productions president Bonnie Hammer said, "Aspirational escapism is working well. People don't want to watch bleak, dark, depressing things … Shows like *Dallas* and *Falconcrest* thrived during an economic downturn. It's a guilty pleasure."

The global marketplace was at the forefront of the Media Leaders Summit's talk. Hammer emphasized the urgency of creating content that can translate across borders and oceans. "It's hugely important to expand globally. Everything we touch is with an eye to developing it internationally." Rich Ross, the president of Disney Channels Worldwide, echoed this sentiment, and Comcast Programming Group president Jeff Shell added that global awareness is an essential instructive measure. "We learn about how people receive their media by being aware of global trends," he said, giving the example of the mobile explosion in Asia.

Over at the A&E rebrand panel, appropriately titled "Real life. Drama," s.v.p. of marketing Guy Slattery made no bones about the reputation A&E had back in 2004 as a cable channel geared toward the silver-haired set, with its lineup





of factual biographies and British mystery shows. He emphasized that in order to reinvent itself as a relevant channel over the last several years, A&E had to take a gamble that essentially alienated its core audience of sixty-somethings, ushering in a slate of reality TV programming like *Growing Up Gotti* and *Dog the Bounty Hunter* that would court a newer, younger audience. Researchers identified a target demographic that they dubbed the "Lean Forwards" and began developing content that elicited "a visceral reaction rather than escapism."

Slattery also discussed the need to acquire original off-net shows like *The Sopranos*, for which they hired British creative consulting agency Devilfish to churn out a series of cinematic and darkly funny promos. Richard Holman, creative director of Devilfish, spoke more specifically about the process by which A&E rebranded its image and the mission statement that he and his colleagues developed to create cohesion amongst the seemingly disparate shows on the channel.

Other noteworthy elements of this year's conference included a talk given by UnitedSenses CEO and creative director Markus Schmidt, who had the unique job of revamping Georgian Public Television in the midst of a political conflict with Russia last summer, as well as a number of talks celebrating the 30th anniversary of sports behemoth ESPN International and one talk given by President Barack Obama's chief political analyst, Jim Margolis. Of the ESPN-related content at the conference, Block-Verk said, "It is a common opinion that ESPN has been one of the most important, fastest-rising, aggressive and creative brands in history." Regarding Margolis' talk, Block-Verk added, "The marketing and branding of Obama is the number one marketing story of the past 12 months."

For the statistically inclined, media strategist Lee Hunt presented his findings from a study of DVR's effects on promotion and advertising, illuminating the behaviors of the TiVo generation and its implications for advertisers. (For example, in broadcast, viewers fast-forward through promotions the least during sports programming, and for cable, the same is true of animation.)

And a little celebrity muscle was flexed at this year's conference as well, when Robert Redford accepted a Lifetime Achievement award for his visionary work developing the Sundance Film Festival brand on the final night of the event.

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The Times Are Changin' In Latin America Too

John Cuddihy served as SVP, Program Distribution for Latin America at Sony Pictures Television International. At A&E Television Networks John oversaw the creation of joint venture partnerships around the world resulting in the launch of local versions of The History Channel in more than 20 countries. Cuddihy also served as VP of Program Distribution at New World Entertainment and at ESPN. Most recently John served as President, Managing Director of Lightworks Program Distribution.

By John Cuddihy

The phrase "the times they are a'changin'" is a cliché yes, but particularly relevant to the television industry given the number of changes it has experienced over recent years. Sure, many industries are transitioning now due to the shifting world economy but, it seems that our industry in particular has been experiencing more than its fair share. Large companies have been gobbled up by even larger ones, technology breakthroughs are decimating well-conceived business models, and audience viewing patterns and tastes are not simply changing, they are practically in revolution. The fact is, we now live in a fractured media environment.

VideoAge asked me to give my view on how these and other dynamics are affecting the Latin American television industry given my knowledge of the region and the perspective I have developed by working in other parts of the world.

Latin American television, like the rest of the world, is going through changes, but the industry in this region is more stable than others because of the on-going success of the "novela" genre. To grasp the region's television landscape it must first be understood that novelas remain regular Monday-Friday primetime mainstays anchoring most broadcasters' schedules. This is true from Mexico right on down to Argentina, making Latin American television pretty unique. Locally produced programming continues to retain a relatively high percentage of broadcast schedules with daily strips ranging anywhere from 65-195 episodes per title. Normally, broadcasters air at least two novelas daily in primetime.

So, how has Latin America changed? Below is a list of what I see as the recent major developments affecting the region.

I. Novela Content Shift: While novelas have remained a staple of broadcasters' schedules, the storylines and themes of the products themselves have morphed. *Yo Soy Bette La Fea*, the smash hit novela created in Colombia, took the world by storm and almost single-handedly changed the genre forever. Program licenses and format rights were sold at record levels internationally including a very successful remake, *Ugly Betty*, on ABC in the U.S. (which began airing after the original Spanish-language version became a smash hit for the U.S. Hispanic network Telemundo). This was absolutely groundbreaking. What the makers of *Bette La Fea* did was take the typical romantic theme of a poor but beautiful girl falling in love with a rich man, turn it on its head and add comedy. Almost immediately, Latin producers were creating novelas with more humor and social relevance. This also upped the game in terms of production values. Sure the classic romantically themed novelas are still produced and popular, but this new creative approach has been a big, permanent development.

II. Co-Productions/Re-Versioning: In the past, the major studios focused exclusively on licensing "in the can" product to Latin American broadcasters, but this is changing fast. Two studios in particular, Disney and Sony, have been leaders in the areas of co-productions and re-versioning in the region. Disney's innovation has come from taking current U.S. hits and re-versioning them. An early attempt by Disney was the re-versioning of *Desperate Housewives* that basically took the scripts as written and changed them to Latin American settings. A recent, more aggressive approach involved Disney's *Grey's Anatomy*. In that case, Frenando Gaitan, the renowned Colombian scriptwriter who also created *Bette La Fea*, was brought on-board to adapt the series for Latin sensibilities. The idea was for Gaitan to convert 66 U.S. episodes into approximately 80-85 daily shows; what Disney is calling a "supraseria," or, a hybrid between a U.S. series and a Latin novela.

In the case of Sony, the studio set up a team that works with local broadcasters and producers to create programs based on past franchises such as *The Nanny*, which first aired very successfully as an "in the can" version dubbed into Spanish and then later remade with local talent. A co-production with the U.S. Hispanic network Telemundo, *Zorro, la espalda y la rosa* took advantage of another Sony franchise, and based on its positive outcome, Sony and Telemundo teamed up once again to create another novela, *Doña Barbara*, to much acclaim.

Some of the biggest changes within the Latin American television industry have come from the cable and satellite side of the business. Cable and satellite have existed for some time but their first emergence as a force was during the early to mid-90s when major U.S networks such as ESPN, A&E, MTV Networks, Discovery, Turner Network Television (TNT), Cartoon Network and others launched Latin versions of their respective U.S. services in the region. These networks were joined by studio offerings such as The Warner Channel, Sony Entertainment Television and the Disney Channel, who teamed with Ole' Communications and HBO to launch HBO Latin America, a premium movie service. Not to be outdone, Fox, Paramount, Universal (now NBC Universal), and MGM also launched channels and formed a premium movie service, LAP-TV.

At first, all of these networks populated their respective schedules with American exported programs dubbed into Spanish and Portuguese. Recently, however, this picture has changed as indicated below.

III. Local Cable Network Productions: The Sony Entertainment Network launched as a service to provide Latin Americans with the latest top rated U.S. television series. Today, SET offers locally produced fare including *Latin American Idol*, *Los Caballeros*, *Mexico's Top Model*, and *Brazilian Top Model*. As for Fox, the studio has teamed up with local Colombian producer, Telecolombia, to produce various programs for the Fox Network in Latin America. Beyond that, the Fox/Telecolombia partnership has fostered a new series, *Mental*, that airs on Fox in the U.S., reversing a trend of American product being exported to Latin America.

In the documentary area, both the A&E Television Networks and Discovery have made major commitments to populate their schedules with locally produced programming. In the case of A&E, many of their biography programs now airing on their BIO channel are produced in Latin America. Discovery also has ramped up their local production capabilities. In one case, Discovery teamed with Disney to develop *The Amazing Race* for the region. What is especially interesting in this example is the innovative way in which Disney has expanded the reach of the program by offering "catch-up" rights to over-the-air broadcasters. What this means is broadcasters have 48 hours in which to rerun the Discovery premiere of each episode. This way, Discovery gets to keep its premiere status while *The Amazing Race* is exposed to a larger audience via broadcast TV.

IV. Animation: Output agreements aside, the over-the-air broadcasters have greatly reduced their animation slots precipitating an almost total migration of children's cartoons to the cable services.

V. Executive Migration: Given the desire to get closer to their respective audiences and to save money, there has been a large executive migration from the U.S. locations to Latin America, particularly Argentina. Turner, Disney and MTV Networks are three cable network providers who have made this move recently.

These five changes have had a major impact on the Latin American television industry, but they are not exclusive. The macroeconomic forces that are affecting the rest of the world are also being faced in Latin America. The growth of cable and satellite has been spotty and lingers at around 15 percent over the entire region, though certain territories are doing much better, such as Argentina and Mexico. As for pricing, yearly increases are in the low single levels with the strongest upticks being felt by the premium cable services.

The changes affecting the world of television globally will surely be felt in Latin America, just not as severely. This is due to the unique socio-economic forces and the cultural customary habit that will most likely keep novelas at the forefront of the business for a long time to come. That does not mean that Latin America will not continue to change. It will but at its own pace and in its own unique way.


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How The TV Business Has Changed In Canada

A crisis snapshot and reasons for optimism by an industry veteran

By Jay Switzer

To understand Canadian media, you first have to understand a little bit about Canadians: Journalists, politicians and comedians have spent much of Canada's brief history trying to answer one question: What does it mean to be Canadian? Who are we?

We are a people unable to escape our identity crisis. We lack confidence in our own success stories. And we have a self-defeating lack of confidence in our culture and our arts.

Canadians don't agree on very much, but we care passionately about our hockey, our heroes, our beer, and our pride in not being American.

We have been afraid as a nation to brag about our successes: Canadian hockey outscores NFL football. *Degrassi Street* is a ratings champ and actually comes from a Degrassi Street in Toronto. Rick Mercer's weekly rants generate not only laughs but serious national debate on our public broadcaster CBC. Entertainment Tonight Canada is an access hit for Global Television. The same applies to *So You Think You Can Dance Canada* on CTV. Canadians enjoy *Flashpoint* on CTV not only because it is exceptionally well made, but because it is visibly set in Canada. Same for Roger's Citytv hit *Murdoch Mysteries*, set in Victorian era Toronto. And E1's *The Bridge*, *Copper* and others are yet to premiere.

But the last 18 months has seen a Canadian media industry meltdown. Billions of dollars written off. Thousands laid off.

How did we get here? Canadian production companies and broadcasters are in trouble. Stations are going dark. Budgets are being cut. Viewership is down. Advertising revenue for many is down. Cable and satellite companies are challenged with new regulated fees directed at helping local production and small market stations.

Canadians enjoy hundreds of innovative, original Canadian national, regional and local television choices. This explosion of Canadian choice comes in addition to every home receiving all American networks delivered as part of basic service in Canada.

Our Canadian broadcast regulator (the CRTC) tries hard to interpret our Broadcasting Act by balancing cultural goals against business imperatives. There are checks and balances in place that until recently worked well. Canadian stations enjoy some privileges but not at the expense of choice in the market. The Canadian system has prospered even though it grew in the shadow of the most powerful broadcast system in the world. Canadian stations and networks compete every day against major American networks available in every living room and bedroom in Canada.

> *The Canadian system has prospered even though it grew in the shadow of the most powerful broadcast system in the world.*

How could the worldwide perfect storm of deep recession and simultaneous explosion of broadband leave the Canadian media space so deeply damaged?

The year 2007 saw ownership transition for three large Canadian media companies: CTVglobemedia bought CHUM Ltd. (and its 30+ television networks and stations and 30+ radio stations including Citytv, MuchMusic, Bravo!, Space, CHUMFM, etc.) for C$1.7 billion including debt. That same year, CanWest, together with Goldman Sachs, bought Canadian specialty broadcaster Alliance Atlantis for more than C$2 billion. And Canada's Standard Radio (51 stations) sold to Astral for more than C$1 billion.

CTV was forced by the CRTC to divest the Citytv station group, quickly purchased by Rogers in 2007 for C$375 million.

This should have resulted in a smaller number of stronger players. But the echo of the writers' strike in the U.S., the lack of a return to previous tuning levels, together with panicked advertisers resulted in some of these newly beefed up broadcasters facing significant earnings and debt challenges.

In 2009 pay-TV operator Superchannel announced they had filed for creditor protection. CTV sold their specialty channels Canadian Learning Television, Drive-In Classics and Sextv. Canwest, as of this writing, "continues to pursue a reorganization of its capital structure." CTV announced the closing of a small Ontario station and the likely closing of another. Canwest sold pieces of its once mighty CHCH station group, and the pending closing of their local Victoria, British Columbia television station.

The Canadian Television Fund — a major source of funding in Canadian television — was relaunched as the Canadian Media Fund (more than C$250 million annually) with no further board representation from Canadian producers or broadcasters and with changed rules that allow Canadian broadcasters to apply directly for in-house funding for Canadian series.

A crisis snapshot: It is Fall 2009. Canadian advertisers remain locked in cutback mode and broadcasters' earnings have fallen to record low levels. Latest available numbers are for the year ending August 31, 2008 and show profit levels for Canadian conventional TV at a 30 year low, less than one percent margin before interest and taxes. Canadian producers are scrambling to find clients, and cable and satellite operators are extremely frustrated at the apparent new direction by the CRTC requiring them to begin paying for local over-the-air signals for the first time.

Reasons for optimism: Broadcasters are lean and will be stronger when the eventual economic turn comes. Assuming capital structure and debt issues can be resolved, there is great potential for reaching Canadians and building value. Cable is well positioned with a growing VOD/SVOD offering that should be able to be commercialized separately. The future of Google as a TV platform partner for Canadian broadcasters, as well as the much anticipated partnership structure of an eventual Hulu.com launch in Canada could be a catalyst for future tuning and revenue growth if broadcasters are smart. Cable's anticipated Canadian web portal play could be another positive factor ahead.

The CRTC has to do a better job at regulation to improve structurally challenged industries. A minor fix won't work. A fresh firm start with all stakeholders is required.

I see much better days ahead. The business will evolve in exciting new ways connecting audiences with stories. I remain very optimistic about the potential for conventional and specialty TV in Canada in the years ahead. But then, I'm optimistic by nature – I've been waiting since 1967 for my Toronto Maple Leafs to win another Stanley Cup.

Jay Switzer is the former president, CEO and Board member of Canadian broadcaster CHUM Limited and a 25-year veteran of the Canadian arts & media business community. Switzer holds an MBA from Ivey School of Business (Univ. of Western Ontario). He worked as a media research analyst at The Financial Post in the early '80's and, through high school and university, as a cable television installer for Maclean Hunter Cable TV.

A champion of independent Canadian feature film and TV production, Jay supported over 200 Canadian feature films in his role at CHUM over the past decades.

Jay is a former Vice Chair of the Canadian Association of Broadcasters, is a Governor of the Banff Television Foundation, and a two time former board member of NATPE. Currently, he's a board member of Canadian media companies Comweb Group Inc., Glassbox Television Inc., OUTtv and the Canadian Centre for Diversity. Jay is married to actress Ellen Dubin.

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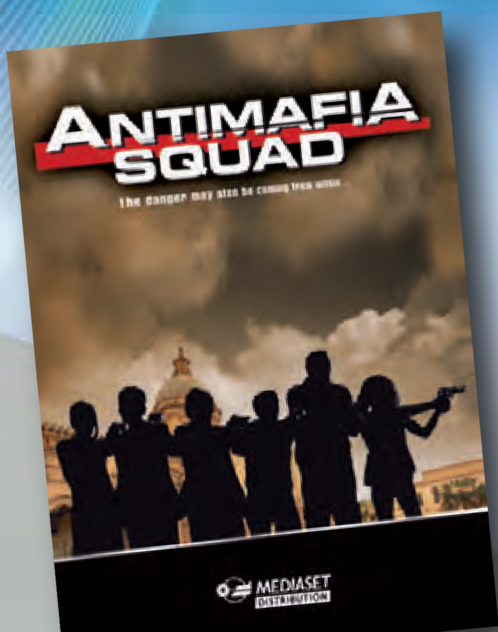

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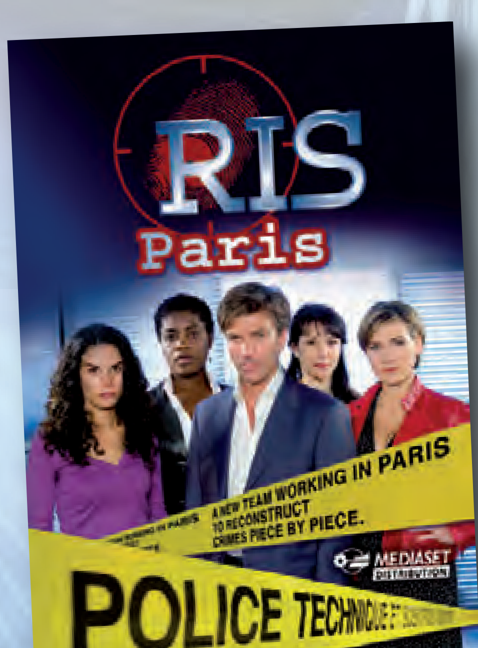

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Rome Tries To Regain TV Spotlight for Italy

Despite its history as the "Hollywood of Italy," Rome itself has never served as a venue for film and television festivals and markets. With its money, movies, star power and talents, the city was instrumental in creating several of the world's first film festivals (Venice 1932), television festivals (Prix Italia, 1948) and even the first audiovisual market (Milan's MIFED, 1960). Until now, however, Rome had never been able to take the industry's spotlight itself. Basically, it had been great at helping other cities, but not itself.

This is why the Roma Fiction Fest (RFF), whose third annual edition took place in early July at the Conciliazione Auditorium, Adriano Multiplex Cinema and LUMSA University in Rome, strove to become a destination event for the international and Italian television drama-producing industries.

Essentially, Rome is reclaiming the title as Italy's main venue for international show business, what with the demise of MIFED, the Milan Fair's audiovisual market that was officially closed down in 2005 (but in effect ceased to be viable in 1986 after the retirement of its founder, Michele Guido Franci). A true Roman, Franci, who presided over the Milan's Fair from 1978 until 1984, would commute weekly from Milan to his native Rome (where his wife resided).

For RFF organizers, it seems as though because Franci died in Rome in 1991, the spirit of MIFED never truly left the Eternal City. Indeed, the organizers tried to buy the MIFED brand name from Milan Fair, only to be answered with an unreasonable request for lots of money.

The RFF — one of the first major initiatives from the newly established Lazio Foundation for Audiovisual Development that is being promoted internationally by Piero Marrazzo, the governor of the Lazio Region (of which Rome is part) — is all about bringing in new TV business to Rome. Marrazzo explained that 75 percent of Italy's cinema and television enterprises (some 1,100 companies) are based in Rome and elsewhere throughout the region. These employ 27 percent of Italy's professionals (of which 150,000 are in Rome).

This year marked the first-ever Roma TV Screenings, a new initiative that served to underscore the growing

Mediaset's Clare McArdle, HRT's Ranka Horvat, TLN's Aldo Di Felice, Mediaset's Manuela Caputi.

significance of the event. "We decided to add the Screenings because Italian fiction needs to be a significant part of the international market and it should be seen by the largest number of people possible," said Carlo Macchitella, director of the new Screenings section. He added: "We want to be like the Los Angeles [TV] Screenings, and not in competition with [Cannes'] MIP-TV and MIPCOM. We hope to serve as a venue where TV executives can screen our fiction and weigh its value for their TV schedules."

In three short years, the Festival has become a significant marketplace for Italian drama, and its growth is indisputable. This year's edition, which screened 75 titles from 26 countries (including 27 world premieres), drew 38,000 attendees, of which 3,000 were from the press. "Italian fiction needs to become more aggressive on the international arena," said Macchitella, "and we are hopeful that this will happen with new stories, new actors and more competitive production values. We hope that the TV executives who attended the Screenings will begin to appreciate [Italian drama] and start thinking of how it can work for their TV networks."

The RFF event was divided into two parts: Competition and Business. The "Competition" segment was further divided into three groups: International competition for TV movies (winner, Bavaria Film's *Buddenbrooks*), miniseries (winner, BBC's *Burn Up*) and continuing series (winner, *Londynczycy* from Poland's TVP); International competition factual (winner, Poland's *Three Buddies*), documentaries and docudrama; and Italian Competition for drama (divided into Fiction, soap and sitcom).

The 35 awards were a bit overwhelming, with honors also bestowed for best actor and actress in leading and supportive roles, best director and best music, in what seemed a mishmash of recognitions and

Pictured at one of the screenings are TLN's Aldo Di Felice and Comarex's Marcel Vinay

accolades as opposed to rewards.

The competition had three additional features: Special events, Parallel events and a Retrospective.

The Business aspect attracted over 1,000 professionals from 20 countries, including Germany, France, Hungary, Argentina and Mexico. The "Business" consisted of Screenings, TV Pitching and conferences (including "Master Classes" with leading producers, writers and directors).

In addition to providing 40 pitching and "Speed Dating" sessions aimed at pairing up creatives and producers itching to wheel and deal, this year boasted appearances by *Lost* creator, writer and executive producer Damon Lindelof and his colleague, Carlton Cuse, who serves as a writer and executive producer on the hit show. The duo were awarded with the "2009 Roma Fiction Fest Special Award," a prize bestowed upon them because of the series' "new and compelling narrative style." Brazilian director Fernando Meirelles (*City of God*) was also on hand to speak about television production.

RAI Trade's Sesto Cifola, Michele Lo Foco, Carlo Nardello, RFF's Carlo Machitella.

Mediaset's Sonia Danieli, Rai Trade's Sabrina Eleuteri and Mediaset's Manuela Caputi.

"Colorful Mysteries in Black-and-White," a special retrospective organized in collaboration with RaiTeche (RAI's archives division), took a look back at the history of television drama.

Overall, RFF organizers did a good job of staging the event in a difficult city. Rome was at the height of the tourist season and was also housing delegates from over 25 nations on hand to attend the G8 World Leaders' Summit being held in L'Aquila, in the nearby Abruzzo Region.

Venues selected were within walking distance of each other, with Multisala Adriano and the larger Auditorium Concilazione mostly used for the competition program, and the University LUMSA facility reserved for business. The LUMSA facilities housed the market side with 15 exhibition booths, including those of RaiTrade and Mediaset, and a large screening room that showcased new programs from Italian TV networks, including Sky Italia.

If there was one problem encountered at the RFF, it was the overwhelming bureaucracy created by the competition aspect of the event. For the much smaller group of "business" participants, it would have been better to have dealt with a separate (and much smaller) entity. In terms of efficiency, business participants would have been better served with a "business" badge that also extended privileges to the competition side. For the trade press, it would have been easier to have its own press office at the LUMSA, rather than a shared one with the consumer press at the Multisala Adriano facility. For exhibitors, it would have been much simpler to deal with a small market organization than with the larger festival structure, where at times people were not familiar with program distributors' requirements, inquiries and support mechanism.

In order for the RFF to become a viable international marketplace that could eventually replace MIFED, the business aspect must become more appealing in terms of both organization and atmosphere. For example, the trade-only party jointly sponsored by RaiTrade and Mediaset on the garden roof of the Visconti Palace Hotel, near the Multisala Adriano, was much appreciated by many participants.


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Networks Look Forward To a Good, Prosperous New Season

By Jocelyn Brandeis

The new U.S. TV season is looming large. "Large" as in: 1) The number of new series announced. 2) The number of new shows with high-ratings potential. 3) The amount of commercial time inventory held back by the broadcast networks. 4) The praises heaped on prospects by all the top network brass. 5) The amount of money paid by international broadcasters to secure some of the new U.S. series.

Last August, CBS' Leslie Moonves told financial analysts that for the 2009-10 season, his network kept 35 percent of its commercial time, compared with the 25 percent that was held back from the upfront market during the previous season. The last time CBS kept so much inventory was in 2002.

The commercial time that is withheld is then sold on a short-term basis in what is known as the "scatter market." When network executives believe that economic conditions will improve in the future, they sell less advance time during the May upfront market (when the new season is announced).

According to Moonves, there has been some improvement in the scatter market for the third quarter with sales increasing by 30 percent from last year.

FOX boss Rupert Murdoch told analysts he is "quite happy" with FOX's results and announced that his network was also holding more inventory back to sell later in the season.

Similarly, Disney-ABC's Thomas Staggs said that ABC is "well positioned for the scatter market," having sold an estimated 75 percent of the inventory at the upfronts versus 83 percent last year. GE chief financial officer Keith Sherin told investors that GE's NBC would follow a similar track by retaining more of its inventory for the 2010 season.

Naturally, by reducing inventory, the network brass hoped to create scarcity at the upfronts in order to increase their cost per thousand viewers (CPM) and, at the same time, save more inventory for the expected financial recovery. By embracing this strategy the brass claimed to be happy with less, about 13 percent less, than the 2008-2009 advertising revenues. This year, revenues reached about $8 billion, mostly lowered by a cheaper CPM at the upfronts that on average was five percent lower than in 2008 (to an average of $30 for a 30 second primetime spot).

On the international programming side, one word used to describe the new U.S. TV season was "great," as in great quantity of new shows and great quality.

More than 1,100 international program buyers attended the L.A Screenings last May. Some TV outlets sent fewer acquisition executives than usual, others (particularly those from Italy) sent more. One of the buyers in attendance, Dermot Horan from Ireland's RTE, offered *VideoAge* a few comments on trends, mini-trends and predictions for the 2009-2010 U.S. TV season. Horan was ecstatic about the full network slate, saying, "It's great. U.S. television is back in force." In terms of genre trends, he noted that "the biggest genre, the one with the most volume, is medical."

"Actually," he added, "there are probably too many medical shows. Three of these new shows are all about nurses. Of those, the dark comedy drama, *Nurse Jackie* is my personal favorite. It has become a big hit for Showtime, and we have picked it up for a primetime slot this autumn, secure in the knowledge that it has already been picked up for a second season. *E.R.* has been laid to rest after a very long and successful run, so there is definitely room for a new medical drama but not six."

Another trend Horan observed is the proliferation of teen shows, like Fox's *Glee* (distributed by 20th Century Fox), and ABC's *Make It or Break It* (distributed by Disney). "The CW network is back to the WB days, targeting teenaged girls," he said, referencing new shows *The Beautiful Life,* the new *Melrose Place*, *Life Unexpected* (all distributed by CBS Studios), and others.

The third major trend in Horan's view is the "high-concept show, like ABC's *Flash Forward* (distributed by Disney) and NBC's *Day One* (distributed by NBC-Universal). Those are good for drawing in the male audience." Even though Horan "focuses on drama" because he has had little success of late with U.S. comedies, he was pleased that several of this year's comedies have gone back to the multi-camera production model that, in his view, adds the positive factor of a live audience. "Laughter is contagious," Horan said, "and if there is an audience in the studio, the actor will perform better and the laughter becomes natural."

Horan's final comment was about *The Jay Leno Show*, which has been moved to prime time from its traditional late night slot. "It will offer a certain amount of competition," he said, "but will be hugely dependent on securing top guests, which is difficult to do five nights a week."

This year the main U.S. networks have added 36 new shows (including mid-season replacements, and excluding cable networks). The CW officially kicked off the Fall programming season on September 8 with the second season of *90210*. On October 23, NBC will close the launching pad with the premiere of the second season of *Southland*. It should also be noted that there is one hour less of primetime programming with the addition of NBC's *Jay Leno Show*, which began on September 14 and airs five nights a week in the 10 PM slot.

NBC Universal's new drama series Mercy

Let's take a look at each of the major networks' new programs:

ABC

ABC has an aggressive slate of new scripted series, including sitcoms and dramas, as well as changes to the daily lineup, primarily on Tuesdays and Wednesdays. With seven new shows slotted, it's already an improvement over last year's two new shows. Stephen McPherson, President of ABC Entertainment Group, recently stated at the summer TV Critics Association Press Tour (TCA) in Pasadena, CA, "We have to remain ambitious. We have only succeeded when we've been ambitious and taken chances and really pushed the limits….And there's no question that production cost is a major issue given all of the other economic pressures we have." Even with sky-rocketing costs to produce scripted shows, McPherson believes "…you have to be looking at each show differently, because there are certain shows…that absolutely demand that kind of cinematic feel and production value. There are other shows that can be absolutely as successful or more so, but on a much larger scale because the creative doesn't demand it."

Most of ABC's new shows premiered beginning September 22, starting at 10 PM with *The Forgotten* (Warner Bros International TV), a Jerry Bruckheimer-produced, Christian Slater-starring drama which centers on a group of amateur detectives who solve cases of unidentified victims. On September 23, beginning at 9 PM, *Modern Family* (Twentieth Century Fox TV Distribution) premiered, starring Ed O'Neill, Julie Bowen and Jesse Tyler Ferguson in the multi-generational, single camera sitcom about three very different families. At 9:30 PM, *Cougar Town* (Disney-ABC-ESPN Television), stars Courteney Cox Arquette as Jules Cobb, a divorced 40-something woman attempting to date a man 14 years younger than she. Bill Lawrence of *Scrubs* fame produces the show. In the 10 PM slot came the new series, *Eastwick* (Warner Bros International TV), starring Rebecca Romijn, Lindsay Price and Sara Rue as three single women living in Eastwick, a town in New England, who discover they have magical powers. Eastwick is based on the John Updike novel and the 1987 feature film, *The Witches* of Eastwick. On September 24, the new drama *FlashForward* premiered at 8 PM. Based on the novel by Robert J. Sawyer, the show stars Joseph Fiennes, Dominic Monaghan and Courtney B. Vance as hack

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BRAND NEW DAY
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DEATH PROOF
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THE STRANGERS
LIV TYLER
PLANET TERROR
BRUCE WILLIS
9 de TIM BURTON
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(Continued from Page 40)

Aimee Garcia, star of NBC's Trauma *at the NBC Uni Int'l TV Distribution Latin luncheon during the L.A. Screenings*

scientists who create an experiment where millions of people briefly see visions of their future 20 years later for two minutes and 17 seconds and it changes them forever.

ABC currently has no new shows listed as mid-season replacements nor do they have current plans to re-enter the movie or miniseries business. *The Bachelor* will replace *Dancing with the Stars* on Mondays mid-season, and a *Scrubs/Better Off Ted* combo will be a mid-season replacement for *Dancing with the Stars*: *The Results* on Tuesdays.

CBS

CBS has one of the strongest primetime line-ups for this Fall, including dramas, comedies and reality shows. According to Nina Tassler, CBS Network President, at the TCA, "We are poised, ready to grow. We've got the new shows coming in at 10 PM, between *The Good Wife* and *The Mentalist*….It's going to do well. It generates billions of dollars for us in revenue between foreign sales and syndication."

CBS began the premiere of its new shows on September 21 at 9 PM, CBS premiered the spin-off *NCIS: Los Angeles* (CBS Studios International), starring LL Cool J and Chris O'Donnell as undercover Special Agents in the high-tech Office of Special Projects. The same evening at 10 PM, Julianna Margulies and Chris Noth starred in the new drama, *The Good Wife* (CBS Studios International). Margulies plays a former attorney who must go back to work to support her family when her Chicago District Attorney husband is caught cheating, resigns from his job and is sent to prison.

As for mid-season replacements, *Flashpoint* will return for at least nine more episodes, probably following *Medium*'s seasonal run.

CW

This Fall, the CW has revived an old-classic, *Melrose Place*, with a whole new cast of tenants, and brought vampires and beautiful people to the forefront. Skewing primarily young and female during all five nights of programming, Dawn Ostroff, the CW's President of Entertainment, said at the TCA, "In three short years, we have carved out a niche in the marketplace programming to young women, and we feel that this network is starting to resonate across all platforms." Having eliminated Sunday night's programming, returning it to affiliates, the network is focusing on dramas during the weeknights, where "our bread and butter is and where we know we can migrate all of our viewers across the schedule….I just don't know if we can do sitcoms that are loud enough or noisy enough to get the attention that we're able to get with the dramas and with some of the reality shows."

On September 8 at 9 PM, the new *Melrose Place* premiered, starring an ensemble cast of 20-somethings, including veterans Laura Leighton and Thomas Calabro. Antics and melodrama ensue at the trendy Melrose Place apartment complex in this soapy '90s remake. The much talked about *The Vampire Diaries* (Warner Bros International TV), based on the book series, premiered on September 10 at 8 PM, starring Paul Wesley, Nina Dobrev and Ian Somerhalder, as two vampire brothers who desire the same female classmate. And on September 16, the new drama about teen models, *The Beautiful Life* premiered at 9 PM. Produced by Ashton Kutcher, Sara Paxton, Corbin Blue and Elle MacPherson co-star.

CW will premiere *Life Unexpected*, the story of a 15-year old girl who has resided in several foster homes and is then accidentally reunited with her birth parents as a mid-season replacement. No confirmed time period is known.

FOX

Fox has two new shows premiering this Fall, *Brothers* starring former NFL star Michael Strahan, and the much-hyped, musical drama, *Glee*. At the TCA, Kevin Reilly, President of Entertainment at Fox, said, "It's been a long-term evolution of the network, and I feel that we've actually come to a very mature place with how to construct it….This year's big step forward obviously is getting a Fall that mirrors the second season with *So You Think You Can Dance*. If we can lock that in so we don't have to completely re-jigger the schedule and throw everything up in the air, that will create a lot of stability."

Glee, the dark high school dramedy which Fox previewed earlier this Spring, premiered on September 9 at 9 PM, starring Matthew Morrison, Lea Michele and Jayma Mays. Morrison plays a 30-something new teacher attempting to take his misfit musical students to compete at regionals. *The Cleveland Show* (Twentieth Century Fox TV Distribution), the spin-off of *Family Guy*, premiered on September 25 at 8:30 PM. Series creators Seth McFarlane and Mike Henry, Sanaa Lathan and Kevin Michael Richardson provide the voices for the Brown family, recently moved to sunny California.

Fox has *Human Target* (Warner Bros International TV), the new drama based on the DC Comics property, waiting in the wings as a mid-season replacement to *Glee*. Chi McBride, Mark Valley and Jackie Earle Haley co-star, and McG, Jonathan Steinberg and Brad Kern are executive producers. On Tuesdays at 9 PM, *Past Life* (Warner Bros International TV) will fill in for *So You Think You Can Dance*, when its season ends.

NBC

NBC is debuting four new shows this Fall: *The Jay Leno Show, Community, Mercy* (NBC Universal International Television Distribution) and *Trauma* (NBC Universal International Television Distribution). Even with benchmarks to mark the progress, NBC has taken a big chance, with *The Jay Leno Show* airing five nights a week for 52 weeks (with 46 original weeks) a year at 10 PM beginning September 14. It takes an hour away from additional primetime programming each week night, will skew older, and ABC and CBS have lined up some of their top shows to air against it. If Jay Leno is going to survive, it's going to be a tough choice for viewers. At TCA, Angela Bromstad, President, Primetime Entertainment at NBC and Universal Studios Entertainment stated, "Based on our information, based on the research and based on the numbers that we see, this is going to be a long-term commitment for us. We feel really good because for the viewers, it does give them an alternative at 10 o'clock."

Community (Sony Pictures International Television), the new sitcom co-starring Chevy Chase and Joel McHale, premiered on September 17 at 9:30 PM (for six weeks, then at Thursdays at 8 PM) and is about a group of community college misfits trying to get by.

RTE's Dermot Horan at the L.A. Screenings

As for mid-season replacements, NBC has quite a few. The sitcom *Chuck* returns on Mondays to replace *Heroes* at 8 PM, *Day One* replaces *Trauma* (originals) in the Spring, and *Parenthood* (NBC Universal International Television Distribution) replaces *Mercy* on Wednesdays at 8 PM also in the Spring. On Thursdays, *Community* moves to 8 PM and *30 Rock* will air at 9:30 PM once *SNL* Weekend Update Thursday ends. *Southland* repeats will replace *Trauma* repeats in the Spring on Saturdays, and once football ends on Sundays, *Marriage Ref* (International Distributor TBA) will air at 8 PM, with a two-hour *Celebrity Apprentice* airing at 9 PM.

Overall, comedies like *Accidentally on Purpose* (CBS Studios International, airing on CBS), *Hank* (Warner Bros International TV, airing on ABC), *Brothers* (Sony Pictures Television, airing on Fox) and *The Middle* (Warner Bros International TV, airing on ABC) appear to be similar to what viewers have seen in the past, only refurbished. Same with *Mercy* and *Trauma*. *Cougar Town* and *FlashForward* have potential. *Modern Family*, screened in full at the May upfront is promising as well if it can gather viewers seeking comedy and not drama in its timeslot. Will a second dose of *NCIS* directly following the first be enough to hold on to viewers, even with a great ensemble cast? With competition from *Desperate Housewives* and *Family Guy*, how many times can one hear about dying patients and organ transplants in *Three Rivers* (CBS Studios International, airing on CBS)? The Fall lineup looks to be most promising with *Community*, *The Vampire Diaries* and *Melrose Place*. ●


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Disney's Ben Pyne

(Continued from Cover)

complex structure of his group (which internally is referred to as the "matrix." You can navigate it only if you're an insider).

Having gotten past that hurdle, *VideoAge* was able to proceed with topics as varied as Pyne's long list of responsibilities (including domestic (U.S.) distribution, U.S. TV network's affiliate relations, local international productions and channels, and international distribution), as well as other subjects like broadband markets, whether one or more U.S. broadcast network will eventually become cable nets, and the future of TV trade shows such as MIP and NATPE.

Now, let's attempt to describe the "matrix." According to various reports, this operational structure was originally a creation of former head of Miami, Florida-based Disney Latin America, Diego Lerner (now London-based president of Disney Europe, Middle East and Africa under the Walt Disney International group), created in order to facilitate intercommunications across various Latin American divisions which were initially vertically structured and therefore rather insulated from one another. Lerner's "matrix" proved to be successful in Latin America and was thus implemented at a company-wide level.

Disney ABC-ESPN Television (DAET) falls under Pyne's auspices, who reports to Sean Bratches, executive vp ESPN and ABC Sports, for domestic responsibilities concerning ESPN. Pyne's international TV distribution falls under the DAET moniker, for which the world has been divided into four areas: EMEA-Canada-Russia (Europe-Middle East-Africa), Latin America, Asia-Pacific and Japan.

For distribution, Pyne reports to Anne Sweeney, co-chair, Disney Media Networks and president, Disney-ABC Television Group, and Alan Bergman, president, The Walt Disney Studios.

Being in charge of both Domestic Distribution (overseen by Janice Marinelli) and Disney's broadcast TV network's (ABC) affiliate relations (under John Rouse), Pyne is in the best position to evaluate the opportunities offered by the extra digital channels that came with the switch over from analog (see "My2¢" on pg. 66). However, Pyne would not be specific on the subject, simply saying that the network is looking at all options and that for the moment, ABC and its own 10 stations are focusing on a new health and lifestyle channel launched last April called "Live Well," which is on SD on broadcast TV and HD on cable.

> *"The format business really took off in Latin America. The model has been so successful for Disney, that it is now looking to broaden into Europe and India.*

Ben Pyne and Courtney B. Vance of Flashforward

In effect, ABC is using multiplex 7.1 and 7.4 in NYC and LA for its flagship station (in HD), mux 7.2 (or DT2) for "Live Well," and 7.3 for a weather channel.

Because of Pyne's success with local format production through Disney's Media Network Latin America division, Disney has amassed a large amount of original Spanish-language content, which, together with its Spanish-dubbed programs, could surely be used to fill a second-language digital channel. ABC competitor NBC, for example, owns Telemundo, the U.S.'s second largest Spanish-language broadcast TV network. To Pyne, this added opportunity is another of the many options available to them, but the company is for now focusing on licensing original Spanish-language shows to U.S. Spanish networks such as Univision, for series like *Amas de Casa Desesperadas* (*Desperate Housewives*), which Disney later sold to Mexico's TV Azteca.

In Pyne's view, "the format business really took off in Latin America." This is true for two main reasons: the availability of the right kind of product and strong business relationships. The model has been so successful for Disney that it is now "looking to broaden into other territories, like Europe and India."

Pyne explained that India represents a significant challenge because of the four languages spoken in the country, but the experience acquired with the Latin American local productions will serve the company well (Disney has licensed local versions in four different countries: Argentina, Brazil, Colombia and U.S. Hispanic). Just recently, Disney Media Network Latin America announced the launch of a local version of ABC Studios' *Grey's Anatomy* (*A Corazón Abierto*) in Colombia. The international distribution of all local Spanish and other language versions of Disney's shows rests with the company.

Considering the World Trade Organization's (WTO) demand that China open up its market to foreign-made content, Disney's Asia-Pacific area is expected to grow. Recently, WTO called on China to stop requiring foreign media suppliers to go through the costly process of distributing content through Chinese state-owned entities.

Currently, the Chinese government has a monopoly on the distribution of media content. Foreign movies, for example, have to go through the China Film Group, which takes a large cut of the box office, charges content owners high fees for prints and other distribution costs and limits the number of foreign films in theaters to 20 per year. The WTO rule, however, leaves the Chinese government with the right to exclude movies that are objectionable for political or social reasons. This is something that, considering the family nature of Disney's films, could further benefit Pyne's company in China. For example, Warner Bros.' blockbuster *The Dark Knight* wasn't allowed to be shown in China, basically shattering all WB's ancillary opportunities. While in China retail is the country's main audiovisual market, in India television offers the key outlet.

In terms of revenues per geographical area, Pyne would not divulge their allocation for competitive reasons, saying only that Europe is their largest market outside the U.S. Former and current executives with other studios reported that, in general, including pay and excluding the U.S., EMEA could generate anything from 50 to 65 percent for studios, while in Latin America it could vary from seven to 12 percent (with the higher figures being generated by Warner Bros. and Disney). Canada could represent anything from five to 10 percent and Asia Pacific 15 to 20 percent, with Japan generating the lions share.

Recently, DAET scored another big win with the sale of ABC Studios'

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Video-Age's Dom Serafini interviewing Pyne at his Burbank office

Disney's Ben Pyne

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drama *FlashForward* to U.K.'s Five network (while ABC Studios produces for television, Disney Studios is for theatrical releases). Perhaps because of the series' British stars Joseph Fiennes and Jack Davenport, Five reportedly outbid BSkyB by paying £16.5 million (U.S.$27.3 million) for 13-episodes, which comes to $2.1 million per episode, much more than the $1.5 million per episode reportedly paid by Channel 4 for Disney's *Desperate Housewives* in 2006. Five's license fee was estimated based on its £165 million (U.S.$273 million) annual program budget and Five's CEO Dawn Airey's comment to C21 Media that the network spent 10 percent of its budget on the acquisition of *FlashForward*. Reportedly, the Five deal for exclusive U.K. terrestrial (Five) and digital rights for Fiver and Five USA also includes a new run of *Grey's Anatomy* and some movies.

Pyne attributes this success with international distribution to the "Disney difference," something that "we work hard at," and that can be summarized in four points for programming distribution: Content, managing windows, new media and support.

In regard to the statements by other network's officials that suggest at least one U.S. TV terrestrial network will eventually migrate exclusively to cable/satellite, Pyne said that up to 90 percent of American viewers still watch broadcast networks regularly, and that even though 82 percent of the U.S. TVHH watch television through some form of subscription, the remaining 18 percent that receive broadcast TV through aerials still represents a large portion of viewers that need to be served.

Pyne also touched on the subject of the Disney channels, which, with the advent of digital terrestrial television, are multiplying like rabbits… sorry, mice.

Pyne and his international team works closely with Disney Channels Worldwide, led by Burbank-based Rich Ross, on the company's owned portfolio of 98 channels/feed available on terrestrial digital, cable and satellite in 163 countries and 32 languages. Pyne handles the distribution for the channels, while Ross oversees their operations and content. The platform brands are: Disney Channel, Disney XD, Playhouse Disney, Disney Cinemagic, Hungama, Radio Disney and Jetix.

Ben Pyne hosting Disney's International Upfronts during the L.A. Screenings

> *Up to 90 percent of American viewers still watch broadcast networks regularly.*

This latter brand was comprised of a group of channels that had its own set of complexities. Formerly Fox Kids Europe, Jetix was acquired by Disney, which operated other Jetix channels in Latin America. Jetix's programming blocks also aired in the U.S., India and Japan on Toon Disney channels. Furthermore, there is ABC Kids, a four-hour block broadcast on Saturdays on the ABC TV network. Last February, the Jetix block was rebranded as Disney XD in the U.S.. By last September, Disney had retired the Jetix and Toon Disney brands and replaced them with Disney XD or the Disney Channel. However, in some markets, such as the Arab world, the company is not eliminating the Toon Disney brand.

In terms of broadband, Pyne mentioned the success of ABC.com, which managed to not only gain eyeballs without cannibalizing Disney's broadcasts, but lower the demographics for its shows to the 20s on average (down from the ABC primetime broadcast's median age of 49).

In regard to IPTV serving as a broadband-based (Wi-Fi, Wi-Max, cable, DSL and satellite) TV-viewing experience, Pyne had this to say: "Delivering TV content using IPTV opens up another alternative and very interesting distribution outlet to reach consumers, and we have always taken a position of remaining platform agnostic when it comes to how we license and distribute our content, provided that the quality of the experience is always at a high caliber and that we reach agreement on business terms. Here in the U.S., we not only support traditional cable, but also were early supporters of the satellite companies, DirecTV and Echostar, when they first launched and more recently the telcos, Verizon and AT&T, and with each new entrant, the overall multichannel universe has increased. And indeed they all offer some form of triple play or in some cases quadruple play. Quality of the consumer experience remains a critical component, I can't stress that enough. The distribution partners [highlighted above] have invested heavily to make sure their consumer offering is the best it can be. For any new entrant into the video distribution space, it will be critical for them to think this through and make sure that their value proposition is equal to or better than the current distributors."

Joseph Fiennes in FlashForward

Finally, Pyne broached the touchy subject of TV trade shows, prefacing that for Disney, MIPCOM "is the key selling opportunity for the international TV market, where a lot of business is done. However, as we do with our business, markets such as MIP need to be continually re-evaluated by the organizations."

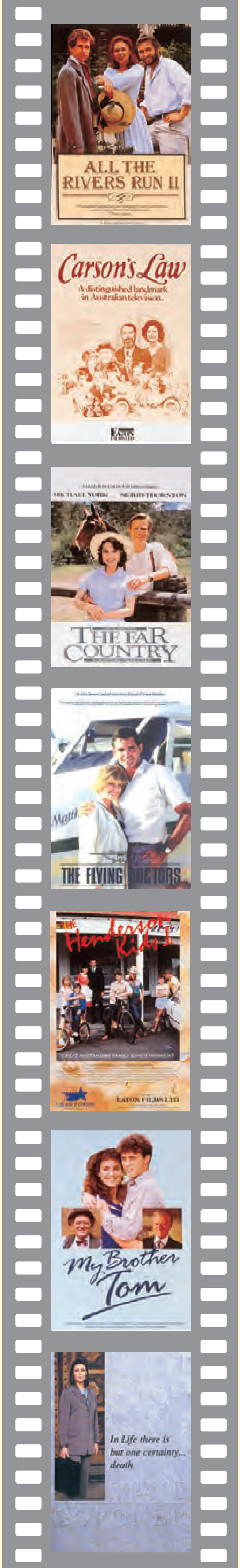
Pyne concurred that by simply changing hotels in Las Vegas and making cosmetic changes, NATPE will not solve its problems. He then proceeded to give the example of Cable Connection, which coordinates a market that revived the cable TV market sector by combining some 11 dying events (including CTAM, CAB, Kaitz Foundation dinner and NCTA itself) into one big spring and one big fall market (the latter, will be held October 25-30, 2009 in Denver, Colorado).

Ben Pyne, *who joined Disney in 1992, is president, Global Distribution, Disney Media Networks. Promoted to this role in 2007, he is responsible for the international distribution of content produced by The Walt Disney Company to all platforms, including VoD and broadband markets. He also oversees U.S. distribution of the company's television content (handled by Disney-ABC Domestic Television), international content distribution (through Disney-ABC-ESPN Television) and Disney-ABC International Television, and is responsible for the ABC Television Network's Affiliate Relations department as well as the Disney & ESPN Media Networks Affiliate Sales and Marketing team.*

Pyne reports to Anne Sweeney, co-chair, Disney Media Networks and president, Disney-ABC Television Group, and Alan Bergman, president, The Walt Disney Studios. For domestic responsibilities concerning ESPN, Pyne reports to Sean Bratches, executive vice president, Sales and Marketing, ESPN and ABC Sports. He also works closely with Burbank-based Andy Bird, president, Walt Disney International, because the latter is responsible for targeting new businesses internationally (outside the U.S.).

Prior to this role, Pyne served as president, Disney & ESPN Networks Affiliate Sales and Marketing, a role he was promoted to in 2005.

Pyne has an MBA from Harvard Business School. He was also Orchestra Manager of the New Jersey Symphony from 1985-90 (he plays classical guitar). He currently resides in New York City with his wife and two sons.


ALL THE RIVERS RUN II
Carson's Law
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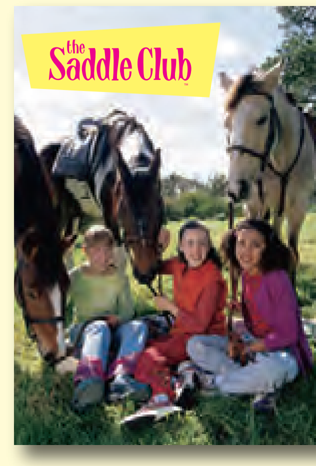
THE FAR COUNTRY
THE FLYING DOCTORS
My Brother Tom
In Life there is but one certainty... death.


the Saddle Club
PINE HOLLOW


the Saddle Club


Whose Baby?
I live with me dad.
HALFWAY ACROSS THE GALAXY AND TURN LEFT
THE FLYING DOCTORS
FEDS
Newlyweds
You are invited to a wedding
MEET AUSTRALIA'S FIRST FAMILY
The Sullivans

Celebrating 30 Years

Australia's WIN Television Celebrate Its 30th Anniversary

Australian network, WIN Television, celebrated 30 years as the largest TV operator in Australia under the leadership of Bruce Gordon. For its 30th birthday, WIN Corporation threw its TV division an elaborate black-tie dinner in its Wollongong home-base on August 27, where among the 300 attendees were Lachlan Murdoch, David Gyngell and Glen Kinging. A second, more private dinner celebration for some 60 invitees was held on September 9 in Sydney.

Based in Wollongong, just South of Sydney in New South Wales, WIN Television originally launched on March 18, 1962 as WIN-4, a single station owned by a group of local businessmen under the auspices of Television Wollongong Transmission Limited (TWT/WIN-4).

Today, WIN Television owns and operates 28 stations, broadcasting to more than 42 percent of Australia's 8.5 million TV viewers across six states, including Wollongong, Canberra, Ballarat, Tasmania, Mildura, Perth, Adelaide and the Southern Queensland markets, spanning the largest geographical area in the world.

As the only 100 percent Australian owned commercial network, WIN Television produces the most comprehensive news service in Australia, with 18 individual 30-minute local WIN News bulletins each weekday and one 60-minute newscast seven days a week pooling information from 28 newsrooms and bureaus across the country. In addition, WIN Television currently produces and licenses several dozen shows, including sports, drama, current affairs, comedy, reality, game show, family, lifestyle, documentary and talk genres. Titles licensed include *Two and a Half Men, The Ellen Degeneres Show, Cold Case, 60 Minutes, Today, THIS Afternoon, Susie, Australia's Funniest Home Videos, Getaway, Alive and Cooking, The Saddle, Millionaire Hot Seat, The Apprentice, Missing Persons Unit, Trouble in Paradise, Random Acts of Kindness, Fishing Australia, Postcards Australia, The Footy Show* and *Wide World of Sports.* Self-produced titles include *Susie, The Saddle Club, Fishing Australia, Alive and Cooking ACA Perth and Adelaide, Postcard Australia.*

Bruce Gordon at a gala event

Bruce Gordon by Al Hirschfeld

WIN Television is an affiliate of three major commercial television networks in Australia: Nine Network, Seven Network and Network Ten. WIN Television is a Nine Network (Channel Nine) affiliate in Queensland, New South Wales, Victoria, the Australian Capital Territory and Tasmania. Nine Network, which is based in Willoughby and has been broadcasting for more than 40 years, is owned by PBL Media and holds an audience share of 22.6 percent nationally. WIN Television is also an affiliate of Seven Network (Channel Seven), owned by Sydney-based Seven Media group, broadcasting to South Australia and holding an audience share of 23.9 percent nationally, making it the leading network in Australia. In addition, WIN Television, an affiliate of Network Ten (Channel Ten), which is owned by Ten Network holdings, serves Western Australia and purports a 17.1 audience share nationally, making it third in the ratings. All three networks produce and import their shows, allowing WIN Television to fill its schedule with shows that are not part of their normal business deals.

Bruce Gordon with Silvio Berlusconi in 1997

WIN Television is involved in several joint partnerships, including Tasmanian Digital Television with Southern Cross Broadcasting since 2003, and Mildura Digital Television with Prime Television Limited since 2006. WIN is part owner of both joint venture broadcast licenses where Channel Ten is offering free-to-air digital programming.

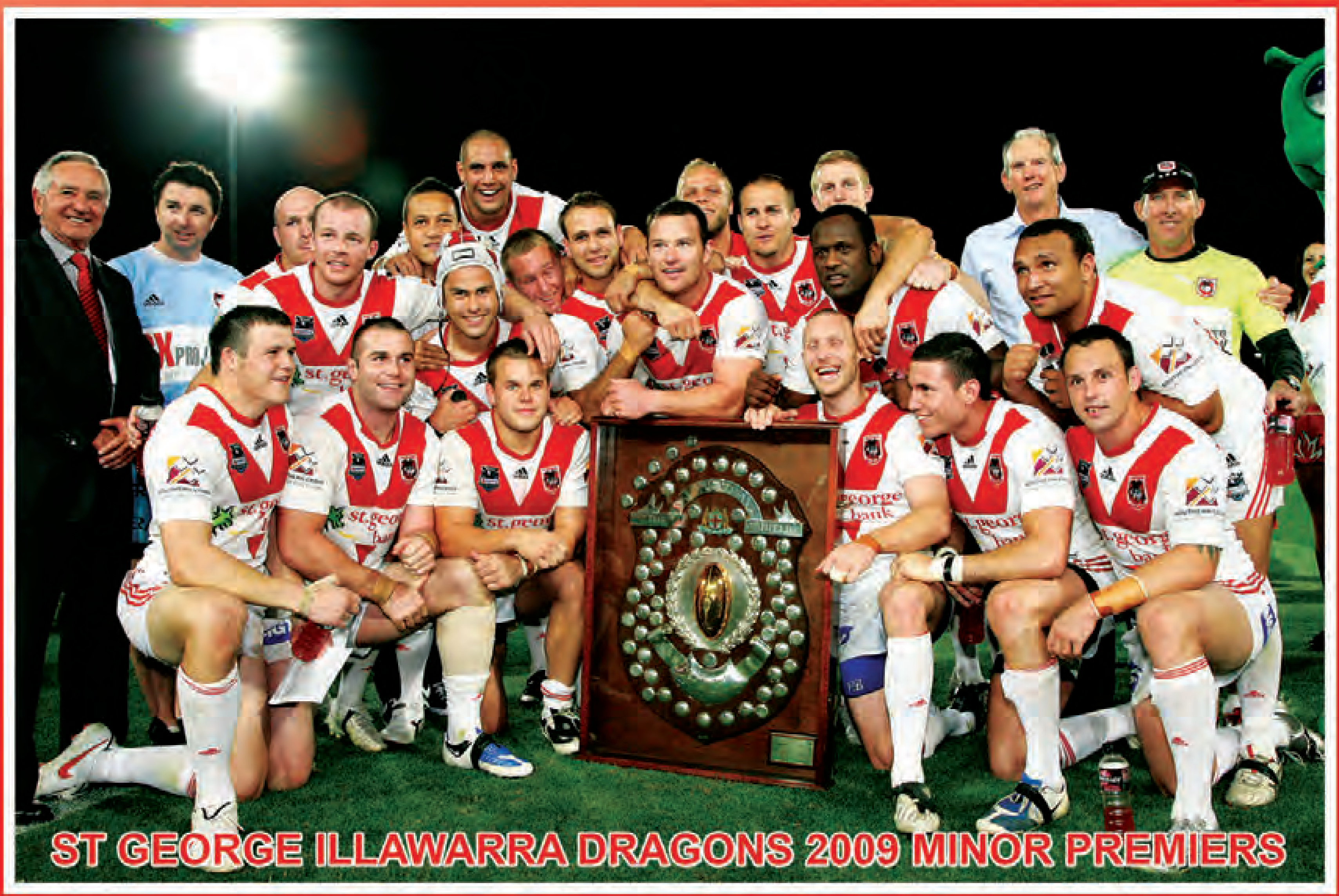
WIN, which refers to its original WIN-4 station and is an acronym for Wollongong Illawarra New South Wales, was purchased in 1979 from

Gordon delivering the commemoratve speech

(Continued on Page 50)

ST.GEORGE ILLAWARRA

St. George Illawarra Dragons Top of the NRL ladder



"Congratulations to Bruce and WIN Corporation on 30 years of achievement and for the continuous support of the St George Illawarra Dragons"

Peter Doust CEO St George Illawarra Dragons

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WIN STADIUM
WOLLONGONG NSW

HOME OF THE DRAGONS

www.dragons.com.au

WIN Celebrating 30 Years

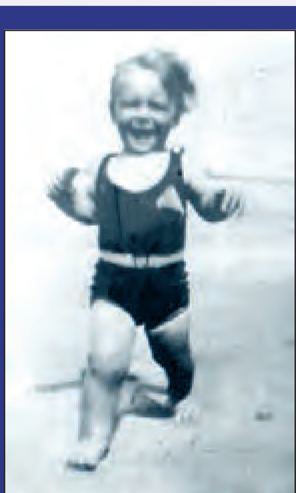
(Continued from Page 48)

Rupert Murdoch by then-head of Paramount Pictures' international distribution arm, Bruce Gordon, and renamed WIN Corporation. WIN Corporation, which is privately held by Gordon's Oberon Broadcasters, is now comprised of several successful and diverse business operations, including television and radio broadcasting, pay television, film and television production, telecommunications, transmission services, media sales, film exhibition and land development. Employing more than 1,400 staff in Australia, WIN Television was the first regional broadcaster to transmit in high definition digital service (SD Digital Channel 8 and HD Digital Channel 80), one year in advance of Government regulatory requirements. Along with its local programming, WIN-4 had increased its viewership to 63 percent of the coverage area, only to be sold in 1979 to Bruce Gordon.

By the time he was 50 and decided to purchase WIN, Gordon had already spent 23 of his 35 years at Paramount Pictures as head of its international sales division and knew how to create and schedule programming for a network, not to mention his plethora of programming contacts.

Under Gordon's leadership, WIN expanded, and in 1984, became the first regional television station to transmit in stereophonic sound. In 1989, WIN

BRUCE GORDON, THE LEADER



Bruce at two years old

A self-made man, Bruce Gordon had very humble beginnings from the time he was born in 1929 as the only child of Madge and Ted Gordon. Leaving the Cleveland Boys High School in Surry Hills, Sydney, Australia at age 14 to join the Gang Show, a group of artistically gifted Boy Scouts who traveled around Australia, Gordon performed the magic tricks he'd learned, perfected and improved upon as a child. Years later, upon landing a gig at Sydney's Tivoli Circuit theater ("Bruce Gordon's Magical Moments" in *Gaieties of 1952*), he soon moved on to handling the advertising and promotion, and later stage, house and business management, for the theater. At the time, Gordon was friends with several soon-to-be moguls, including Kerry and Clyde Packer, sons of Sir Frank Packer (owner of Channel Nine), and Rupert Murdoch, who then owned the *Adelaide News* and was instrumental in helping Gordon promote his shows in Adelaide. From managing a theater to having one named after him took a few years, but in 1988, the "Bruce Gordon Theatre" was introduced at the Illawarra Performing Arts Centre in Wollongong by the Prince and Princess of Wales.

However, his career might have ended there at age 26 were it not for a budding friendship between Gordon and Bruce Gyngell, who worked at Channel Nine and persuaded Sir Frank Packer to recommend Gordon for a position at Desilu Studios in California. In 1962, Richard Dinsmore, v.p. of Desilu Studios (which produced *I Love Lucy*), was looking to hire a regional sales executive in Australia, and hired Gordon because of Sir Frank Packer's recommendation.

With his father Ted at Coogee Beach

With his mother Madge in their garden at Surry Hills

Knowing little about the burgeoning television era, Gordon took the job and Gyngell coached him on the television business. When Desilu was sold to Paramount in 1968 (then under Gulf & Western's parent company), Gordon stayed on, becoming the studio's managing director for the Far East. Having been elected to the board of the TV corporation a year later, Gordon was working for the same company that ran the Channel 9 TV stations and the company's theaters in Sydney and Melbourne. In addition, Gordon also served as director for the Board of Academy Investments, which controlled a Perth theater chain and was in charge of building the Perth Entertainment Centre.

By 1972, Gordon had been promoted to v.p. of International TV Sales for Paramount Studios, where, in 1974, he became president of International TV Sales and re-located his family to New York under Barry Diller's ownership until 1985, when Gordon's office was moved to Bermuda. Gordon remained with Paramount until 1997, after Sumner Redstone had purchased Paramount from Diller.

Now let's take a look back at how Gordon came to own the WIN Corporation. In the mid-1960's, Gordon began purchasing shares of Channel Ten as a family investment. When Rupert Murdoch decided to divest his company of the WIN-4 TV station in 1979 in favor of taking full control of Channel Ten, Gordon traded his stock in Channel Ten to Murdoch for WIN-4. From its base in Wollongong and using the knowledge he'd gained over the past years, Gordon built the WIN Corporation empire.

WIN Corporation holds a 24 percent stake in the football club, the St. George Illawarra Dragons, and a 50 percent stake in the Australian Poker League. Carrying on the family legacy, Gordon's son Andrew was hired as the manager of i98 FM in the mid-1990's, an adult contemporary station in Wollongong, and has now progressed to become chairman of WIN Corporation.

When he's not traveling around the world or managing his business properties, Gordon enjoys being an accomplished sailor and attending Dragons' games when in Australia. Gordon is married to Judith Bland, owner of Eaton Films London. Their daughter Genevieve begins her first year at university in England in October.

With Queen Elizabeth II

One anecdote that exemplifies Bruce Gordon's leadership comes from *VideoAge*'s editor Dom Serafini: "During the L.A. Screenings — which years ago were more relaxed and leisurely than the hectic event that is today —I'd invite Bruce to Italian restaurants in Westwood. I'd make sure that the restaurant had a few good Australian red wine labels, knowing how fond he is of such wines. Upon looking at the bottle he'd invariably send it back, saying that it was too expensive and, instead, he'd order a more affordable one, with a great relief for my budget."

With Lady Diana

(Continued on Page 52)


WIN
Australia's largest commercial television network with 28 stations nationwide
Townsville | Queensland
Mackay | Queensland
Rockhampton | Queensland
Bundaberg | Queensland
Hervey Bay | Queensland
Cairns | Queensland
Sunshine Coast | Queensland
Toowoomba | Queensland
Wagga | New South Wales
Dubbo | New South Wales
Orange | New South Wales
Griffith | New South Wales
Regional | Western Australia
Canberra | Australian Capital Territory
Wollongong | NSW
Perth | Western Australia
Traralgon | Victoria
Bendigo | Victoria
Shepparton | Victoria
Mildura | Victoria
Albury/Wodonga | Victoria
Ballarat | Victoria
Launceston | Tasmania
Hobart | Tasmania
Loxton | South Australia
Adelaide | South Australia
Mt Gambier | South Australia
The WIN Television family applauds Bruce Gordon

Celebrating 30 Years

(Continued from Page 50)

expanded into southern New South Wales, where it had an affiliation with Nine Network, and purchased new offices in Orange, Wagga and Canberra, where additional stations were also launched. In 1990, WIN acquired Star TV in Queensland and created a Network Nine affiliate. In 1994, Vic Television and TasTV, both divisions of ENT Limited, a Launceston-based company, were incorporated into WIN's network and ultimately renamed WIN Television. In 1998, WIN made another purchase to further its expansion, of MTN-9 Griffith and its AMN-31 station. On March 26, 1999,

WIN Television became Western Australia's second commercial television network with a combination of Nine Network and Network Ten programming. Golden West Network (GWN), a Seven Network affiliate, had previously held a monopoly in the area and remains the area's most watched network with approximately 65 percent of the prime time audience.

Also in 1999, WIN purchased SES-8 in Mount Gambier and RTS-5a in Riverland, both in South Australia. Known as *WIN South Australia* and featuring news bulletins, supplementary licenses were granted under Section 38A of the Broadcasting Services Act to allow the network to launch additional channels in 2002: MGS (Mount Gambier) and LRS (Riverland), known as *WIN Ten*. At the turn of the millennium, WIN Television introduced digital television to its affiliates, including its partnerships with Tasmanian Digital Television and Mildura Digital Television.

On May 30, 2007, Southern Cross Broadcasting sold its NWS station to the WIN Corporation for AU$105 million. Two weeks later, on June 8, 2007, Sunraysia Television sold WIN Corporation its STW Perth (a Nine Network affiliate) for AU$163.1 million. Originally, STW Perth was going to be sold to PBL Media, owner of Nine Network, for AU$136.4 million, but Sunraysia's directors and shareholders favored WIN because they owned 48.34 percent of Sunraysia.

As part of Australia's switch from analog to digital television, WIN Television is a founding member of Freeview Australia, the not-for-profit organization supporting free-to-air digital television service launched in 2008 and comprised of all channels from Australia's free-to-view broadcasters, including ABC, SBS, Seven, Nine, Ten, Prime, and Southern Cross. More than half of Australian homes now watch digital TV with better picture and sound and more channels, including the new Freeview channels and WIN Television's new GO! Channel. The digital television switch over is to be completed by the end of 2013, and Freeview is helping educate consumers by explaining the process that consumers will need to follow in order to continue receiving free commercial television. In addition, Freeview is working with the Digital Switchover Taskforce to advise Government on policy settings, implementation and issues connected with the digital switchover.

Bruce Gordon with HSH Prince Albert of Monaco

WINNERS TO CELEBRATE

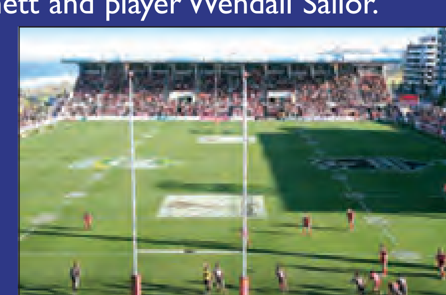
There were two celebration dinners, one in Wollongong for 300 people and one in Sydney for 60, including business and media guests and clients.

Esteemed guests included David Gyngell and Leila McKinnon, Lachlan Murdoch, Len Sampson, Jeffrey Browne, Glen Kinging, Harry Miller, David Aspinall, John Atanascovic with wife Felicity, and Andrew Loveridge with wife Alex. From the WIN board, Max Cowley and his wife Robin, and from the Dragons, chairman Warren Lockwood, CEO Peter Doust, coach Wayne Bennett and player Wendall Sailor.

It was a heartfelt thank you to all clients and business colleagues from the WIN family and key staff, so all major businesses and media were represented.

WIN's news anchors Geoff Phillips and Kerryn Johnston and sports presenter Amy Taylor hosted the evenings, and the WIN Wollongong Orchestra played throughout with Sarah Moir on solo violin.

Bruce Gordon is the chief sponsor for the orchestra and it is one of his passions to support the local arts. The Gordons are also fond of their rugby league team, the St.George Illawarra Dragons, which won this year's Minor Premiership Shield and Club Championship.



WIN Stadium, Wollongong

(Continued on Page 54)


"SelecTV congratulates Bruce Gordon and WIN Corporation on 30 successful years"
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Celebrating 30 Years

WIN's 30 year celebration of Bruce Gordon purchasing WIN Television in 1979

Born in Sydney, Bruce Gordon's links to Wollongong go back to his childhood, when his family spent summers holidaying at Stanwell Park. Later, the family bought a weekend home at Corrimal. When he visited Wollongong to perform his magic act with the "Gang Show," he was billeted with a family at Unanderra.

In 1962, the Hollywood based Desilu Studios offered Bruce Gordon the job of running its new offices in Sydney, responsible for Australia and South East Asia. Gordon went on to become vice-president of International Television Sales for Paramount Pictures.

In 1979, Gordon was working for Paramount Studios when he came across an opportunity he couldn't resist. He had been selling programs to independent station WIN-4 in Wollongong for four years, and on one particular visit 30 years ago, his friend Rupert Murdoch, who was the owner of the station at the time, agreed to sell Bruce a controlling interest in WIN TV Channel 4.

For WIN, the 80's and 90's brought quick and expansive growth. Government-imposed television aggregation delivered metro station programming to regional centres and enforced the change from VHF to UHF frequencies. All of this change was a massive gamble, but the hard work fortunately paid off.

The WIN network grew across the country and established itself as a broadcasting giant. Today, WIN has 28 stations around Australia including Channel 9 in Perth and Adelaide, forming Australia's largest terrestrial Television network, reaching 8.5 million viewers in all six states and four capital cities including the nation's capital, Canberra.

The Gordons: Genevieve, Bruce, Judith

WIN has further expanded by seizing opportunities in areas offering synergies with the core television broadcasting business including satellite Pay-TV operator Selectv, telecommunications and transmission providers Digital Distributions Australia, Broadcast Transmission service provider BTS and Award winning Film and Television production company, Crawford Productions.

Locally, the Gordon family also took on the radio industry, taking charge of Wollongong's two double 0 in 1987, which was later rebranded to i98fm and is the Illawarra's number one station. Later, the Gordons established the state of the art radio station C91.3FM in Sydney's South West suburb, Campbelltown.

The Gordons: Judith, Bruce, Genevieve, Andrew

The latest development in the WIN media empire is the new digital channel GO! Marketed to a younger viewing audience, GO! has been the most successful multi-channel ever to launch, breaking records in all markets and playing a major part in the success of digital television in Australia.

Bruce is proud of his two children, Andrew and Genevieve, who have inherited a passion for the media industry. Andrew has risen through the ranks of the company and is currently chairman of WIN Corporation, while Genevieve has recently graduated as Dux of her Bermuda high school and will study film and media in the U.K. while also working at WIN Television during holidays. Gordon holds a unique position of influence within the global media industry and remains Australia's most successful television salesman, known as the "dean" of international sales.

WIN'S FIRSTS

WIN Television network has always been an innovator in the broadcasting industry and continues this trend with constant development. WIN Television has a proud tradition of firsts with a record of achievements.

- In 1974, it became the first company in Australia to make a videotaped drama series in color with *Silent Number* for the Nine Network Australia.
- On March 1, 1975, it became one of the first stations in Australia to broadcast in color.
- It was the first commercial television station to produce national and international music video clips for Festival Records with artists such as Olivia Newton-John.
- First regional station in Australia to co-produce a telemovie with a Canadian production company.
- First regional station to produce live variety tonight shows in Australia.
- Aired the first aggregated services in Australia on March 2, 1989.
- WIN Television is one of the only networks that continues to produce programs from studios in its regional headquarters: Top Rated programs include *Fishing Australia* hosted by Rob Paxevanos, *Postcards Australia* hosted by Scott McRae and *Alive and Cooking* hosted by James Reeson.
- Providing the most comprehensive news service in Australia, WIN Television produces 18 individual 30 minute WIN News bulletins every weekday and one 60-minute bulletin seven days a week making use of its 28 newsrooms and bureaus across the country.

Bruce Gordon (standing center) in the VideoAge's February 1985 issue featuring the heads of the U.S. Studios' international divisions

Salute to WIN Corporation

Celebrating 30 Years

WIN

9

i98FM

C91.3FM

WINNBN TELEVISION

selectv

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"Ultimates" Game

(Continued from Cover)

marketing and prduction executives providing for more incisive forecasts.

The accounting departments develop the matrix with generics for over-indexing and under-indexing estimates, while sales people supply the sales projections. These types of "ultimates" are also referred to as "income forecast" by independent film companies, and are unique to Hollywood, thus indicating the high level of sophistication that show business has reached in the U.S.

To understand the set of difficulties that accountants face in meeting this challenge, consider that ultimates are initially prepared when a movie is still in the project stage and then used to evaluate whether or not the project should be "greenlit." They're used to estimate the returns for potential investors and to determine talents' profit participation. Based on the initial ultimates, a studio can decide whether it wants to buy the "opening insurance," and pay the stars' large amounts of money (the concept behind this "insurance" is that stars help draw the audience in for the crucial opening weekend, and after that, the movie can depend on word-of-mouth).

Not that the ultimates updates get any easier — estimates have to be prepared even before a movie is released theatrically in order to program the DVD sale, which for studios occurs anywhere from 100 to 200 days before the film is first released in movie houses (in technical parlance, this length of time is referred to as ARR or, Asset Rollover Rate). For the independent DVD release, the ARR can be as short as 45 days after theatrical release, but the standard is between 60 and 90 days.

The basis for the ultimates is the film's budget and other generics, such as star power (actors are "graded"), general budget and movie genre (e.g., comedy, action, drama, teen, etc.). From those generics the studios can begin forecasting the gross take at the U.S. and Canadian Box Offices (BO) and, subsequently, the revenues from various windows.

Conversion rates from gross BO intakes to DVD sales vary from studio to studio and are fervently guarded to the point where former studios' account executives are reluctant to even broach the subject. Reportedly, Lionsgate has the highest conversion rate of all. Conversion rates of DVD sales in relation to BO can have generics either in terms of dollar amounts or number of tickets sold.

For movies with budgets between $25 million and $60 million, the conversion

Today's ultimate forecast is sunny and clear with no chance of rain.

rate can reach anywhere from 50 percent to over 100 percent. For example, the movie *Sex and the City* grossed $152 million in the U.S. and Canada's BO and sold $80 million worth of DVDs (53 percent) in the "domestic" territory. The Universal Pictures-distributed *The Fast and the Furious* (with Vin Diesel) generated $145 million in the U.S. and Canada and sold $132 million worth of DVDs (91 percent) domestically. On the other hand, movies like *Old School* (with Will Ferrell), grossed $75 million at the U.S. and Canada BO and sold $83 million worth of DVDs (110 percent) domestically.

For the DVD release of the original *The Fast and the Furious*, Universal initially shipped four million units. The studios reached that figure either by pricing the "suggested retail price" at $20 (the majority of DVD releases are priced between $15 and $20. What a title may actually sell for at retail level is entirely up to the retailer), estimating gross sales at $70 million, or by assuming that the forecast 20 million BO tickets sold in the U.S. and Canada (the average BO ticket price is $8) would have a DVD conversion rate of 18 percent (about 3.5 million DVDs sold). Together with those assumptions came a set of generics including the "return rate." In the past, studios assumed 50 percent return and usually got around 20 percent. Nowadays, studios set the "allowed" returns much lower. For example, Universal allows only 15 percent returns, while Warner Bros. and Disney go as high as 20 percent. In addition, Universal studios' accountants took into consideration that up to 85 percent of DVD sales occur in the first six weeks after their release.

For *Sex and the City*, Warner Bros/New Line shipped four million DVDs, thus, as generics, they could have used a conversion rate of 53 percent from gross BO and 18 percent from number of BO tickets sold. As in, the same generics used by Universal Studios' accountants.

Looking at movies budgeted at $150 million and above like *The Dark Knight* ($185 million), for instance, the U.S. and Canada BO was $533 million, while the DVD release generated $253 million, with 12 million units sold. One might assume that Warner Bros. accountants had assigned this movie a conversion rate of around 50 percent from BO gross and 18 percent from the number of BO tickets sold.

On the subject of ultimates, a studio executive was only prepared to comment that the ballpark estimate for a $200 million BO movie is that it will sell five million DVDs at $20 each, and that 40 percent of that will go to the studios. Theatrically, studios average 50 percent of the BO (with higher percentages during the first weeks). A $50 million BO could represent close to one million DVD units sold with 50,000 returns. Unsold DVDs go back to the studios and are then recycled. According to American DVD business expert Tom Devlin, the low-cost DVDs seen at discount stores don't come from studios, but rather are previously viewed discs from rental stores and overstocks from retail stores (above from the allowed returns) resold via brokers.

Nowadays, the matrix for BO grosses to DVD sales conversion rates are made more complex by the fact that there are three types of DVD sales: retail (sell-through, from which studios assume a conversion rate of at least 50 percent from BO grosses and 18 to 20 percent of BO tickets sold), electronic rental (via the Internet) and physical disc rental (e.g., stores like Blockbuster, mail services like Netflix and kiosk dispensers like Redbox).

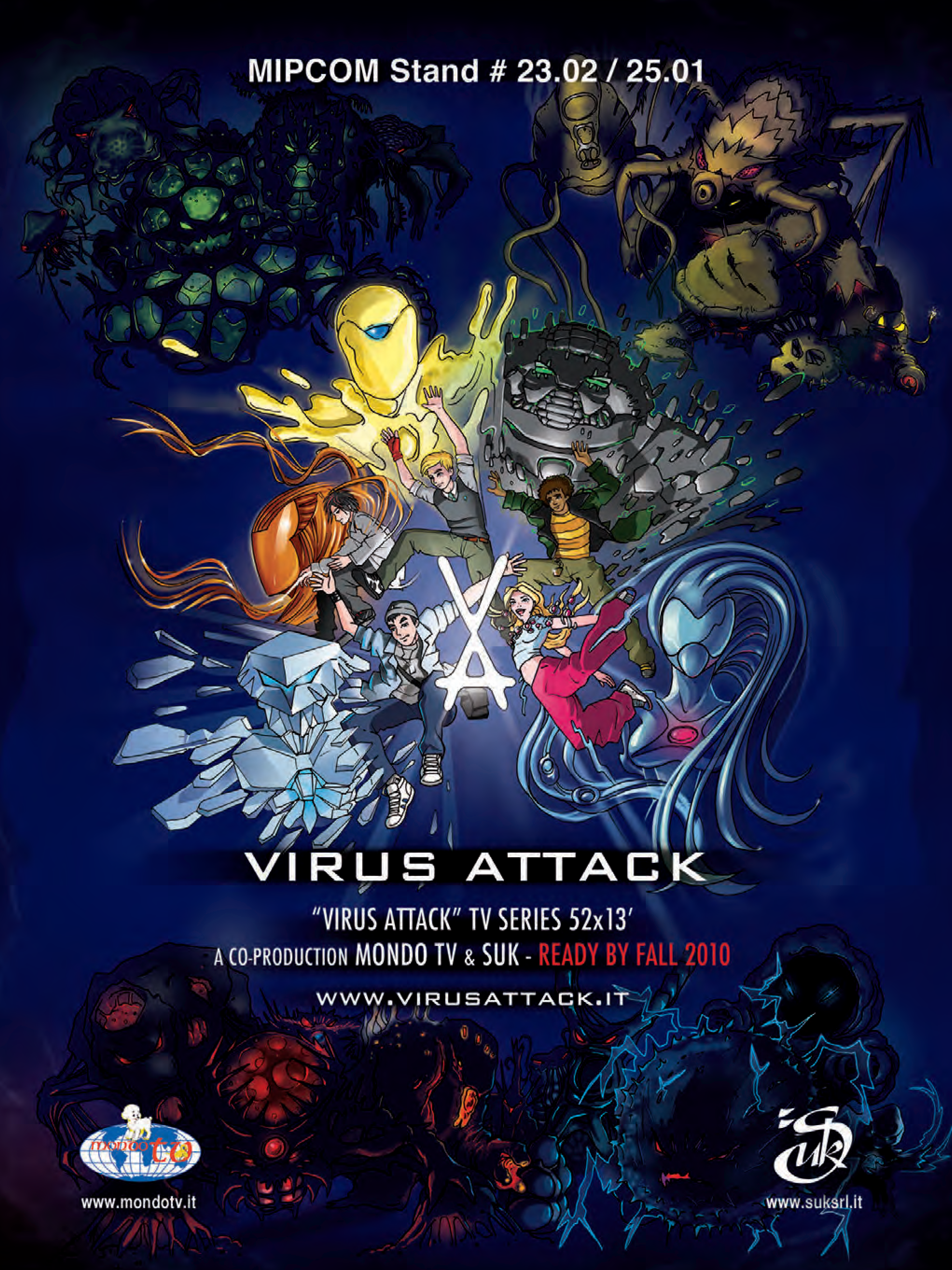
As for the electronic rentals, participating stores are being fitted with kiosks from which customers can download new release DVD titles to portable hard disk devices (such as memory sticks or the Apple iPod). From their devices, consumers transfer the movies along with security encryption onto a set-top box that stores their personal account information; no payment is required until the title is actually viewed. The rental business has its own sets of generics. For example, revenue sharing arrangements (which could account for 85 percent of total U.S. movie rental fees) offer lower DVD costs to rental stores (something like $8 per disc) but studios share up to 45 percent of rental fees from customers, while stores benefit from day-and-date release. Another generic is to charge rental stores up to $65 per DVD and then have them wait for 28, 30 or even 45 days after the DVD release before they can rent them. Usually, in terms of forecasting, the rental business represents 20 percent of the DVD sales business.

After the DVD release, studios' accountants fill the pay window entry and here the conversion rate from the BO could be lowered to 15 percent. This window has several generics: T-VoD (for transaction) and A-VoD (for advertising-supported), which come up 30 days after the DVD release but can also be day-and-date with DVD. Plus, PPP followed by premium pay and subscription TV, about 90 days after DVD. For example, considering that *Sex and the City* was sold to subscription pay (to E!) for a reported $7 million (the premium rights went to Warner Bros' HBO), one could see how the $23 million (15 percent of BO) estimate is not too far off.

Free television, most commonly called free-to-air or FTA, also has a 15 percent BO conversion rate and two generics: network (18 months after pay-TV) and syndication. Then there are international rights with generics that duplicate the domestic ultimates' matrix with BO total grosses usually estimated at double the domestic counterpart (e.g., domestic BO gross of $100 million for international gross of $200 million). However to benchmark DVD sales are used BO grosses on a territory

(Continued on Page 58)

Eight countries provide up to 80 percent of International TV revenues (Canada, U.K., Germany, Italy, France, Australia, Japan and Spain). Some commercial series could fetch as much as $3 million per hour worldwide



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"Ultimates" Game

(Continued from Page 56)

by territory basis. Worldwide grosses are to be considered when residuals and bank interests are factored in.

The final entries are the generics for ancillary rights, such as hotels, colleges, airlines, ships, merchandising and music publishing (e.g., *Hannah Montana*).

However, the utimates don't end with the first life cycle of a movie (which could last from three to five years), but continue forecasting subsequent sales cycles and finally a film life as library material. For studios, theatrical ultimates are good for approximately four years, then they switch to a cash basis in U.S. syndication. Classic Media's Doug Schwalbe noted that calculations at his company are based on the life of the copyright, or three full cycles — something around 20 years.

For a TV series, the most important (and complex) income forecast comes from the international sales. There are times, however, when shows such as *M*A*S*H* and *The Cosby Show*, comedies that generally do not do well in the international marketplace, have each generated $1 billion in U.S. sales. In these cases, domestic sales were the driving force of their ultimates. At the U.S. level, income estimates come from secondary TV licensing (syndication), online limited rights, DVD-box set, and ancillary rights. Naturally, the initial sale is to the commissioning TV outlet, which is a known entity both in terms of revenue and deficit carried.

At the international level, each territory has its own set of rules for the pay window (such as Sky), online rights, FTA sales, DVD-box, and ancillary rights. For example, while most territories use BO grosses to set pay-TV fees, France uses admissions.

According to Irv Holender of Los Angeles-based The Fremantle Corp., for the past three years, international TV sales have been the most predictable forecasts.

Eight countries provide up to 80 percent of International TV revenues (Canada, U.K., Germany, Italy, France, Australia, Japan and Spain). In the past, each hour of a commercial drama series was valued at $1 million worldwide (non commercial, PBS-style TV series could go as low as to $300,000 per episode).

Classic Media's Doug Schwalbe

Nowadays, however, some commercial series (such as Disney's *FlashForward*) could fetch as much as $3 million per hour worldwide (see story on pg.46).

In addition to conducting interviews with six executives, the story was supervised by Tony Friscia, an entertainment industry executive and consultant, who has created and maintained ultimates at Twentieth Century Fox (both theatrical and television), Columbia Pictures Television and Lorimar Home Video. Friscia has overseen the ultimates of such classic shows as *Star Wars*, *M*A*S*H*, *Barney Miller*, and the Jane Fonda workout videos.

After reviewing the story Friscia summarized: "The individual film forecast computation method or ultimates, amortizes film costs (production costs, participations, residuals, prints and other exploitation costs) in the same ratio that current gross revenues bear on anticipated or ultimate total gross revenues. That method requires the determination of a fraction. The numerator being gross revenues from the film for the current period and the denominator being the ultimate total gross revenues from exploitation in all media and all markets. Due to the uncertainties in the estimating process, ultimates are reviewed periodically and are revised when necessary to reflect more current information. Unamortized film costs are compared with Net Realizable Value (NRV) each reporting period on a film-by-film basis. NRV is ultimate revenue less ultimate costs. If estimated ultimate revenues are not sufficient to recover the unamortized film costs, the unamortized film costs are written down to NRV. In other words, you are required to take a write-off and recognize the loss. A write-down may be required even before the film is released."

Now, one can appreciate the importance of forecasting, but it is not an art limited to Hollywood's film and television production. Other industries, such as fashion and textiles, use forecasting extensively since they have to predict, often five years in advance, which color will eventually be popular so that fabric manufactures can gear up for the new colors that designers will be utilizing.

Pier Silvio Berlusconi

(Continued from Cover)

all over the world). All this compounded by an international financial crisis that is affecting advertising revenues, as well as increased competition, sure make for interesting times.

***VideoAge International:** More than 80 percent of Endemol's revenues are generated from unscripted content. Is this a negative factor?*

Pier Silvio Berlusconi: Not at all. On the contrary, it is a sign of strength. For a free-to-air TV network, unscripted programming represents a convenient way to balance costs and results.

***VAI:** Considering that Mediaset is one of Endemol's main clients (investing about 150 million euro per year), would you say it represents the partner of record?*

PSB: In terms of industry focus, we'd like Mediaset to become the partner of record in the future. At the moment, though, a key partner doesn't exist for Endemol.

***VAI:** Strategically speaking, it's understandable to try and recoup some of the program investments with Endemol in the form of a profit sharing arrangement. However, as far as synergy is concerned, the advantages are not yet clear.*

PSB: For us, synergy comes from the fact that Mediaset will develop and launch new formats that Endemol can subsequently sell internationally. Basically, Mediaset can become a programming source for Endemol.

***VAI:** How would you describe the future of Endemol?*

PSB: Great. Content is key at the world level and Endemol represents a strategic investment that is perfect for Mediaset. Even though it is a difficult world, this was a challenge we eagerly undertook.

***VAI:** Does Endemol's acquisition of Southern Star indicate some form of strategy?*

PSB: It is part of Endemol's development mandates, which consist of development of new formats and the acquisition of content companies.

***VAI:** Can you describe Mediaset's two new divisions: Media Vivere and Med2?*

PSB: Media Vivere is a production company formed in a 50-50 partnership with Endemol Italia, with the purpose of producing long drama series. Med2 is a production unit formed by two of our divisions: [recently acquired] Tao2 and Medusa, with the purpose of developing new TV series from popular Medusa theatrical movies and new movies from Tao2's successful TV series.

***VAI:** Is Mediaset pulling its TV networks out of Rupert Murdoch's Sky Italia satellite platform?*

PSB: Our signals, even on satellite, have always been free. Whether or not to be in the Sky [Italia] bouquet has never been our choice. What we planned is a way to make sure that, with the advent of digital television, our free terrestrial TV channels can be watched by all, particularly by viewers in areas in which the digital terrestrial TV signal is missing for technical reasons. For this purpose, a consortium was formed among Mediaset, RAI and La7 to create Tivú Sat, a new satellite TV platform that [carries] all the members' free TV channels. It has a service purpose, not a commercial one. As soon as Tivú Sat became operational [in August 2009], the partners scrambled their free TV channels. This was in order to assure that our territorial rights were protected. To those viewers in the Italian territory who wish to receive all free channels, Tivú Sat provides descramblers [smart-cards] at no charge.

***VAI:** How many digital TV channels do you envision for the future?*

PSB: Difficult to say at this stage. We believe that no more than 30 to 35 channels totally funded by advertising can survive. As far as "pay" is concerned, the market will say.

Tivú Sat

Tivú Sat (www.tivu.tv) is a Rome-based consortium formed by Mediaset (48.25 percent ownership), Italian state broadcaster RAI (48.25 percent) and Italy's telephone operator Telecom Italia (3.5 percent through its Telecom Italia Media division). The chairman is RAI's Luca Balestrieri and CEO is Mediaset's Alberto Sigismondi.

It became operational on July 31, 2009 at the technical cost of one million euro, with each channel renting (and individually paying) for transponder space from the same Eutelsat's satellite that carries Rupert Murdoch's Sky Italia TV services. Tivú Sat is not a money-making operation and is billed as a public service for Italian viewers who, for various reasons, cannot receive the digital terrestrial TV signal (about three million TVHH). Furthermore, it is explained that Tivú Sat has been rendered necessary in order to protect rights-holders from other satellite carriers' spillovers.

Annual maintenance costs for Tivú Sat are shared among the channels bundled, at about 20,000 euro per year per channel, for a total annual cost of 440,000 euro, which will increase with the adding of more channels.

At present, Tivú Sat bundles a total of 22 (soon to be 27) free TV channels that are received through a dish-antenna, and costs users 150 euro (US$ 200) with a decoder that costs an additional 100 euro. The latter charge includes a "smart-card" which allows the descrambling of all Tivú Sat's partners' free TV channels.

Mediaset's free digital channels are Iris (films), MediaShopping and Boing (children's programming), in addition to its three general-interest flagship stations (Canale 5, Rete 4 and Italia 1). Plus, starting in early 2010, it will include Italia 2, a teen version of its Italia 1.

RAI's free TV channels are its three general-interest flagship stations: Rai-1, Rai-2 and Rai-3, plus Rai New 24, RaiSport, Rai Storia, Rai Gulp (for children) and the newly launched Rai-4. Telecom Italia Media's channels are La7 and MTV. The rest of the free channels on Tivú Sat are provided by BBC World News, France 24 and other Italian and international operators, such as K2-Kids TV from the San Marino-based Digital TV Channels Italy.

At the end of last July, all satellite-delivered free terrestrial channels from Tivú Sat partners were scrambled at certain times (at the discretion of the channels) with the Nagravision system. This meant that viewers who received these channels through Sky Italia's NDS encoding could no longer watch them without a Tivú Sat converter (even though they can use the same dish antenna).

It is expected that in the future, the Tivú Sat platform will also carry all of Mediaset's premium TV channels, which are now only available on terrestrial digital television (and thus received with a regular aerial and a digital decoder if not in possession of a digital TV set).

Mediaset's own premium channels are: Cinema, Calcio 24 (football), Joi, Joi+1, Mya, Mya+1, Steel+1 and Hiro. This year, Mediaset's premium channels are expected to generate sales of 500 million euro (up from 400 million euro in 2008) from its 3.5 million subscribers and is estimated to break even in 2010.

RAI's premium channels are those under the RAI Sat banner (Extra, Premium, Cinema World, Yo-Yo and Smash Girls), which are now only available on terrestrial digital television, since being pulled out of Rupert Murdoch's Sky Italia.

Digital Terrestrial Television

Now, if you think the above is complicated, wait until we explain how Mediaset was able to gain channel capacity for its TV networks.

Mediaset owns three analog TV networks (Canale 5, Rete 4 and Italia 1), two DVB-T (DVB-T1 and DVB-T2) and one DVB-H (TV on mobile phones). The DVB-H channel is rented to Telecom Italia and Vodafone for their own use.

Mediaset's DVB-H network is derived from the analog frequencies of an ex-TelePiú TV network that Mediaset has digitalized. This ex-TelePiú network was acquired by Tarak Ben Ammar, which entitled him to own frequencies for a digital network (with each analog network, owners are entitled to frequencies for a digital network). Ben Ammar kept the

Pier Silvio Berlusconi with VideoAge's Dom Serafini during the interview

frequencies for his own digital network (D-Free) and sold Mediaset the analog ones (which Mediaset then digitalized for DVB-H). Since Mediaset cannot own more than three analog networks, those frequencies acquired from Ben Ammar had to be digitalized.

Mediaset's two DVB-T networks (DVB-T1, DVB-T2) were created by acquiring various frequencies on the open market (including frequencies from ReteMia).

Therefore, currently, Mediaset operates with two DVB-T networks and one DVB-H.

After the analog switch off in 2012, Mediaset will have (in the view of Italian trade publication *Millecanali* that *VideoAge* consulted for this story):

Two new DVB-T networks converted from two of its three analog networks (Canale 5, Rete-4 and Italia-1).

The two already existing DVB-T networks (DVB-T1 and DVB-T2).

One existing DVB-H network from the ex-TelePiú analog frequencies (acquired from Ben Ammar).

It is also possible that Mediaset and RAI could make a bid for digitalizing their third analog network (both organizations operate three analog networks). These frequencies have to be used for DVB-T by 2012. If that occurs, Mediaset (and RAI as well) will end up owning six digital frequencies. Each DVB-T network can carry up to seven TV channels, therefore Mediaset will ultimately be able to operate with a total of 42 digital channels.

For now, however, in order to get channel space for all of its digital offerings, Mediaset has to rent space from D-Free. Similarly, D-Free rents its mux to other channels on Mediaset's premium platform, like the two from NBC-Universal and three from Disney.

Legally speaking, up until the 2012 switch off, Mediaset is obligated to rent up to 40 percent of some of its channels to third parties. Similarly, though, Mediaset can rent capacity from other DVB-T operators, which, in effect, balances out.

The Murdoch Factor

It's clear that Italy, Inc. is ready to end

(Continued on Page 62)


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Pier Silvio Berlusconi

(Continued from Page 60)

Rupert Murdoch's Sky Italia satellite TV monopoly in the country with a three-prong attack: increasing the sales tax on Sky Italia's subscriptions (from 10 percent to 20 percent. Mediaset Premium opted to pay the sales tax difference itself), de-facto pulling out all of Mediaset's and RAI's TV channels from Sky and competing with its own "Made in Italy" satellite platform that is, from the start, a money-losing proposition. Plus, reduction by law of Sky Italia's advertising minutes and not granting the satellite platform rights to Medusa's (Mediaset) and RaiCinema's popular movies.

The competition between Italy, Inc. and Murdoch is such that RAI refused the 50 million euro per year (for a period of seven years) that Sky Italia offered for RaiSat premium channels.

So far, Murdoch has been fighting back by using all of his press power to attack Silvio Berlusconi, who controls Mediaset and, who, as Italy's Prime Minister, rules over state-owned RAI. However, he has other options:

First, he might bring competition to the digital terrestrial (DTT) level by potentially acquiring (but not before 2011) frequencies like those of the three TV networks that Telecom Italia has reportedly decided to sell through Merryl Lynch for an estimated 800 million euro (US$ 1.1 billion). These would give Murdoch some 21 digital terrestrial channels. By renting space from third parties, he could even reach 40 DTT channels, enough to compete with both Mediaset and RAI on their own turf. In the short term, Murdoch could buy Tivú Sat decoders to give away for free to his Sky Italia subscribers so that they can continuously receive RAI and Mediaset TV channels.

Second, he might lower Sky's basic subscription fee and increase the number of basic channels. This could also be seen as a strategic maneuver, since, with its 4.8 million subscribers, Sky Italia has quickly reached maturity with slow growth and increasing churn (with peaks of 15 percent). Such a move would present strong competition for Italy, Inc.'s Tivú Sat and an incentive for reducing its churn.

Third, Murdoch could really revolutionize the Italian TV sector and turn the whole enchilada upside down by substituting Sky's satellite decoders with IPTV set-top boxes. Italy, Inc. doesn't put any faith in the IPTV technology because of spotty broadband coverage, but with a combination of low-bit open IPTV set-top boxes and a good mix of broadband services (DSL, Wi-Fi and cable), Murdoch could end up dominating the Italian TV market. In this respect, an accord with a telecom company (a scenario encouraged by the Italian Telecommunication Authority) to expand broadband coverage and benefit from the data part of the triple-play that IPTV offers is easily envisionable for Murdoch.

In this respect, the concern of Italy, Inc. is understandable. Traditionally, Murdoch plays by his own rules, politically, socially and economically. The rapid growth of Sky Italia surprised even his allies in the country and surely scared off his Italian business competitors and politicians alike. It should be noted that, in 2008, after just a few short years, Sky Italia became the third TV operator in Italy in terms of annual revenues, with RAI reaching 2,723 million euro (license-fee and advertising), Sky Italia 2,640 million euro (subscription fee, premium charges and advertising) and Mediaset 2,531 million euro (advertising and some premium charges).

Big Brother

Over the course of its 15-year history, Endemol (the name derived from the surnames of its two founders, Joop van den Ende and John de Mol) evolved through three major events: The creation of the successful *Big Brother* reality show format in 1999, the sale to Spain's Telefonica for an astonishing 5.5 billion euro (US$ 7.5 billion) in an all share deal in 2000, and its 2007 sale by Telefonica for 2.63 billion euro to EDAM Acquisition Holding I, a consortium comprised of Mediacinco, GS Capital and Cyrte Fund (each owning 33.3 percent). This 2007 acquisition was of the 75 percent owned by Telefonica. In 2005, Telefonica placed 25 percent of Endemol on the stock market (over 31 million shares). At that time, Endemol was valued at only 1.6 billion euro (a paper loss of 4.3 billion in less than five years) with the floating stock traded at 12.8 euro. Subsequently, the consortium launched a tender offer for the remaining 25 percent.

Perhaps it was this drastic devaluation that persuaded Telefonica to sell Endemol. It had several suitors, including Televisa, Haim Saban, risk capital companies T.H. Lee and Apax Partners, and Stephane Courbit, head of Endemol France (with Bernard Arnault and De Agostini Group).

Endemol France was run as a separate entity and reportedly accounted for 25 percent of Endemol's value. However, Endemol France was not included in the 2005 IPO because of a dispute between Courbit and the parent company. Now Courbit is out of Endemol and the brand name is still owned by the parent company.

For the consortium, the whole Endemol operation ended up costing 3.4 billion euro (paying 24.64 euro a share for the floating stock) and was financed with 1.4 billion euro in cash and two billion euro in loans with each partner investing 466 million euro, plus 155 million euro each for development.

Based in Holland, Endemol has 80 companies in 26 countries and generates up to 80 percent of its sales from unscripted programs. Under Telefonica, Endemol's revenues increased steadily, reaching 900 million euro in 2005; 1,117.4 million euro in 2006 and 1,256.3 million euro in 2007. Under new ownership, revenues climbed to 1,301 million euro in 2008 with an EBITDA of 221 million euro.

Based in Spain, Mediacinco Cartera is owned by Mediaset (25 percent) and Gestavision Telecinco (75 percent). Gestavision Telecinco, which operates Spain's commercial network, Telecinco, is 51 percent owned by Mediaset. Since Mediaset's share of Endemol was acquired through its Mediacinco holding, there has been no impact on Mediaset balance sheet.

GS Capital Partners is part of Goldman Sachs, while the Cyrte Fund is owned by John de Mol.

Founder de Mol doesn't have an executive role. He has had a joint production venture with Endemol through Talpa TV, the company he launched after leaving Endemol in 2003.

In effect, with two "silent" or investing partners, Mediaset is the de facto leading partner. Furthermore, through its various TV networks, including Telecinco in Spain, Mediaset serves as Endemol's main client with an investment in the order of 150 million euro per year. Mediaset's main Endemol show is *Big Brother* (*Il Grande Fratello*). However, Endemol also serves Mediaset's competitors in Italy (RAI broadcasts *Affari Tuoi*, the Italian version of *Deal or No Deal*), with RAI investing about 30 million euro per year. Those two shows were also aired in Spain, with *Gran Hermano* and *¡Allá tú!* on Telecinco and *One vs. 100* (*Uno Contra 100*) on A3.

Currently, in Spain, Endemol has *Big Brother* on Telecinco, *Floor Filler* (*Fama a Bailar)* on Cuatro, *Strictly Dancing* (*Mira Quien Baila*) on TVE1, and others, for a total of seven shows. In Italy, between Mediaset and RAI, Endemol currently has five shows on air.

With Endemol under the consortium's ownership, the group's top management is now:

Ynon Kreiz, chairman and CEO (former Fox Kids Europe chief). Marco Bassetti, president (founder of Aran in Rome, Italy, and acquired by Endemol in 1997). Tom Toumazis, Chief Commercial Officer (former executive vp and managing director of Disney ABC-ESPN Television EMEA and Canada). Jan Peter Kersten, CFO (he has been with Endemol since the year 2000). Paul Römer, Chief Creative Officer. ●

Editor's note: An official statement from Sky Italia may be found on page 8.

RTI

Pier Silvio Berlusconi is also the president of RTI SpA, the broadcasting arm of Mediaset Group. It controls FTA channels Canale 5, Italia 1 and Rete 4, as well as several niche digital free TV channels. The company also provides pay-per-view services and a digital terrestrial subscription pay-TV platform, Mediaset Premium.

RTI oversees all aspects of Mediaset's TV business — including broadcast signal infrastructure and TV technical facilities — through its subsidiaries Videotime and Elettronica Industriale. RTI directly manages in-house television production, the acquisition of film and drama rights and Mediaset Distribution, RTI's international program sales division.

International sales and acquisitions are under Guido Barbieri (pictured below), the Rights and Drama Division general manager.

With a catalogue of more than 500 titles, Mediaset Distribution has become one of the leading distribution companies of Italian TV programs and scripted formats.

By the end of 2009, Mediaset Distribution will begin international distribution of a new linear channel offering the best of Mediaset programming to the 60 million Italians living around the world, after airing on its mainstream TV channels.


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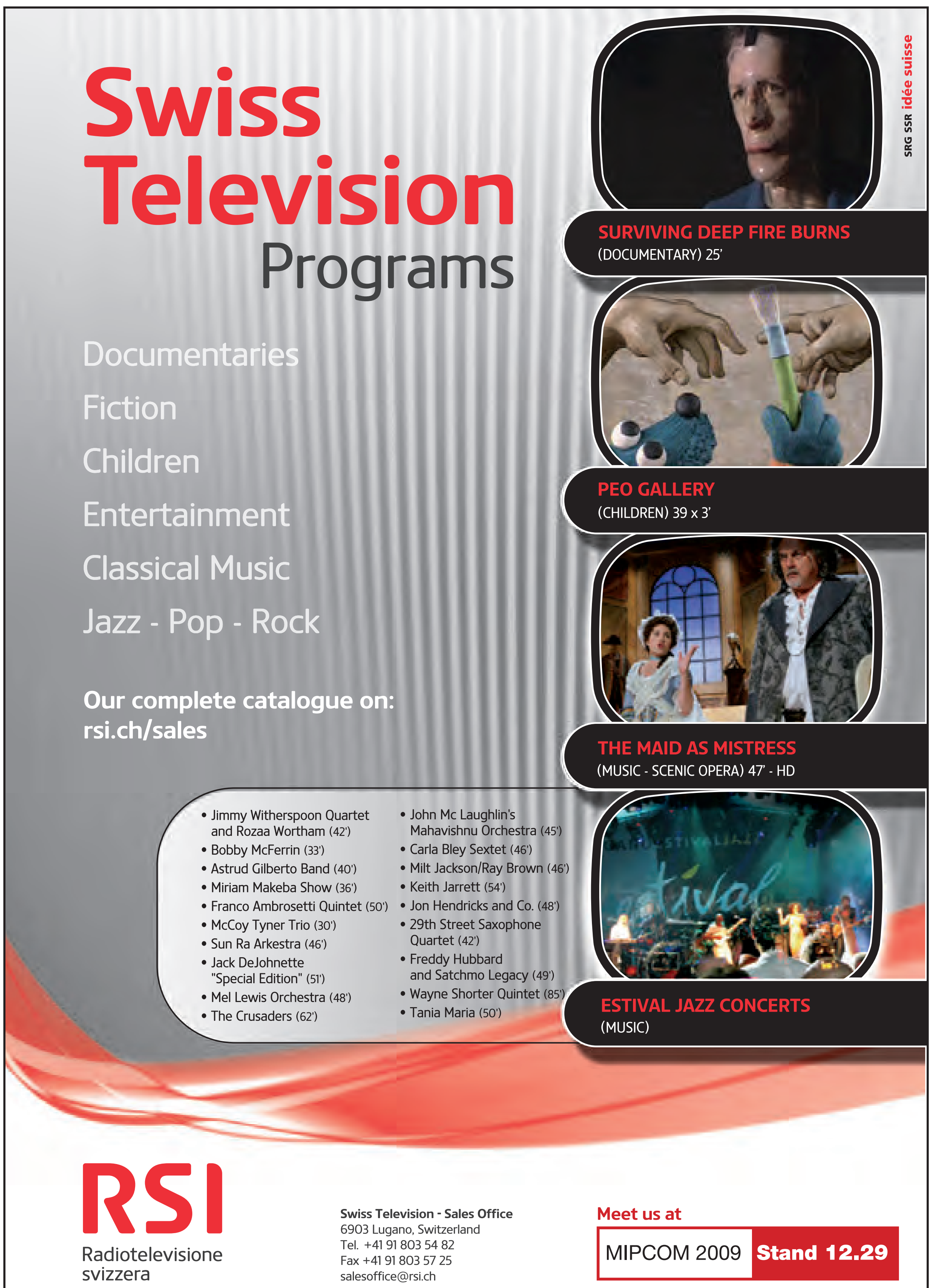

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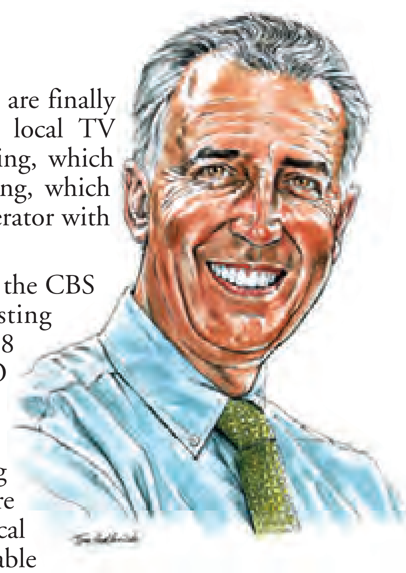

Digital television is making U.S. broadcasting more challenging and broadcasters are finally being put to work, albeit reluctantly. But even though digital is causing local TV broadcasters *agida*, it could also serve as their relief. Last July, NV Broadcasting, which operates 14 U.S. TV stations, filed for bankruptcy. Earlier, Young Broadcasting, which owns 10 stations, did the same. Even Sinclair, the country's largest local TV operator with 57 stations, is on the brink of bankruptcy. So, the picture is far from rosy.

Last year, CBS Corp.'s CEO, Leslie Moonves, told an investor conference that moving the CBS network to cable [and eliminating local stations] would be "a very interesting proposition…[but would be] five or 10 years away." After all, at this point only 17.8 percent of the U.S. TVHH receive television through aerials. Randy Falco, former COO of NBCUniversal TV Group assured the *Wall Street Journal* that "One of [the networks] will try to make a go as a cable network."

You get the picture: local TV stations are seen as a problem, but the fat lady hasn't sung yet, and the show ain't over 'til it's over. As the *WSJ* pointed out, while their profits are down, a good number of local TV stations are still making money. They tap into their local advertising market and, more recently, have been getting carriage money from some cable operators.

With the analog switch off this past June, each of the 1,366 commercial TV stations in all 210 U.S. local markets was allocated space for at least three more TV channels. So, for example, local NBC stations began broadcasting their flagship station on multiplex 4.1; a program originally called Weather Plus (and later The Weather Channel, when NBC acquired it) on 4.2; and Universal Sports on 4.4. The space on 4.3 is used by their flagship HD channel.

Now the question most U.S. broadcasters face is what to do with the additional channels. Stations are in no rush to use the extra space, since they're not sure what to do with it yet. What they do know, however, is that it's an asset, they don't want to spend any money on it, and, ultimately, they would prefer to take a self-contained feed. As it is, stations are complaining that it costs them $60,000 in technical start-up to begin broadcasting on each additional channel, on top of the regular administrative costs (like spot scheduling and trafficking). Furthermore, local stations view the extra channels as increasing time inventory, which will further lower CPMs (spot cost per thousand viewers) in an already depressed market.

"Haven't they yet figured out what to do with the extra channels?"

Retransmission fees, however, could force local broadcasters to take chances. Cable and satellite operators don't want to pay stations for signals carried over their platforms (and, when they do do it, most of the money goes to the affiliated network). As a negotiation tool, cable is using the "excuse" of limited space to exclude stations' additional channels, but they're willing to carry stations' HD channels (hence the limited space excuse).

Now, if a station will negotiate retransmission fees for its flagship station and offers its digital extra channels for free, the MSOs will gladly make the deal if those extra channels show something meaningful in terms of attracting more subscribers or reducing churn. I doubt that MSOs will be carrying tens of weather, shopping, paid-for programming or religious channels (36 religious and six shopping digital TV networks are already available).

For a station, a set of well-programmed extra channels is an opportunity to be more competitive, to offer make-goods and/or extra spots to major clients and to deliver more cumulative audiences.

Stations, though, are only looking for pure 50-50 barter deals, meaning six minutes of commercial time each per hour on a rotating eight hour block. The station group rep will only be interested in selling their avails, so content providers have to look for their own sales rep. Now, if this rep could sell each "national" (or group of key U.S. markets) a spot at $10,000, splitting 50-50 with the content supplier, we're talking about $ 240,000 per day to the content supplier alone. And for $10,000 per spot, the rep would only have to guarantee one million cumulative viewers in a 24 hour period with a $10 CPM versus an average of $30. Areas of growth? Local banks now returning to profitability, and the real estate sector, which now finds itself with a large inventory to liquidate.

Stations are reluctant to approach domestic (U.S.) syndicators, which are mainly studios, out of fear that their fare will be too costly, therefore digital represents a great opportunity for foreign content providers that have never been able to penetrate the U.S. TV market before. Unfortunately, most international distributors don't know the U.S. syndication business and the few independent domestic syndicators left are not familiar with the international business. Plus, U.S. reps willing to take on a barter sale deal for a digital channel will only do it if they'll see a real return, therefore there is no room for experimentation.

Types of programming that the international sector could offer are those that are digitalized and can mainly use voice over: documentary, children's animation, music, sports and news (in English such as Germany's DW and France 24). As Universal Sports has proven, bicycle racing is good digital channel programming, and I'm sure football will be of greater appeal to soccer moms and their children than such U.S. games as baseball and American football. The extra channel could also be utilized for a second language channel, such as Spanish.

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